THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Greater China Holdings Limited** (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

大中華實業控股有限公司*

GREATER CHINA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 431)

website: http://www.irasia.com/listco/hk/greaterchina/index.htm

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ORIENTAL CREDIT HOLDINGS LIMITED INVOLVING THE ISSUE OF CONVERTIBLE NOTES

Financial Advisor to Greater China Holdings Limited

中國銀河國際
CHINA GALAXY INTERNATIONAL

A letter from the Board is set out on pages 9 to 45 of this circular. A notice convening the SGM to be held at 11:00 a.m. on Friday, 16th January 2015 at 2/F, J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong is set out on pages 149 to 153 of this circular. The SGM is to be held to approve matters referred to in this circular.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

24th December 2014

* *For identification purposes only*

CONTENT

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"2014 Convertible Note"	Convertible Notes with principal amount of HK$80,000,000 (subject to adjustment) to be issued by the Company to settle part of the Consideration
"2014 Convertible Note Issue Date"	the 60th Business Day after the issue of the audited accounts of the Target Company for the financial year ending 31st December 2014
"2015 Convertible Note"	Convertible Notes with principal amount of HK$35,000,000 (subject to adjustment) to be issued by the Company to settle part of the Consideration
"2015 Convertible Note Issue Date"	the 60th Business Day after the issue of the audited accounts of the Target Company for the financial year ending 31st December 2015
"2016 Convertible Note"	Convertible Notes with principal amount of HK$35,000,000 (subject to adjustment) to be issued by the Company to settle part of the Consideration
"2016 Convertible Note Issue Date"	the 60th Business Day after the issue of the audited accounts of the Target Company for the financial year ending 31st December 2016
"Acquisition"	the proposed acquisition of the Sale Shares by the Company from the Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 20th November 2014 in relation to the Acquisition
"Articles"	the articles of association of the Company
"Asiabiz"	Asiabiz Capital Investment Limited, a limited liability company incorporated in the Cayman Islands

"Audited Consolidated Net Profit After Tax"	for any financial year means the consolidated net profit after taxation of the Target Company and its subsidiaries and entities which are subject to the VIE Contracts (excluding extraordinary profit or that arising from merger and acquisition)
"Board"	the board of Directors
"Business Day(s)"	any day (excluding (i) Saturday, Sunday and other general holidays in Hong Kong; (ii) any day on which a tropical cyclone warning number 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon; or (iii) any day on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
"Century Best"	Century Best Holdings Limited （世佳控股有限公司）, a limited liability company incorporated in the British Virgin Islands
"Company"	Greater China Holdings Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 431)
"Completion"	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the third Business Day after the fulfilment or waiver, as the case may be, of all the Conditions or such other date as the Vendors and the Company may agree in writing on which Completion shall take place
"Condition(s)"	the condition(s) precedent set out in the Sale and Purchase Agreement
"connected person(s)"	has the meaning as ascribed thereto in the Listing Rules
"Consideration"	the consideration for the Sale Shares payable by the Company pursuant to the Sale and Purchase Agreement

"Conversion Price"	the conversion price of HK$1.2 per Conversion Share (subject to adjustment)
"Conversion Rights"	the rights attached to the Convertible Notes to convert the whole or any part(s) of the principal amount into Conversion Shares
"Conversion Shares"	125,000,000 new Shares to be allotted and issued by the Company upon conversion of the Convertible Notes at the Conversion Price based on the initial Consideration of HK$150,000,000 and up to 150,000,000 new Shares based on the adjusted Consideration of HK$180,000,000 upon Completion
"Convertible Notes"	the 2014 Convertible Note, the 2015 Convertible Note and the 2016 Convertible Note, the aggregate principal amount of which is HK$150,000,000 (subject to adjustments)
"Declaration of Trusts"	the declaration of trusts entered into between Mr. Joseph Shie Jay Lang and each of Shanghai Kuailu and Shanghai Zhifeng, pursuant to which each of Shanghai Kuailu and Shanghai Zhifeng declared that they hold the equity of the Shanghai OPCO for and on behalf of Mr. Joseph Shie Jay Lang and undertake to exercise the shareholders' rights of the Shanghai OPCO
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Target Group upon Completion
"Entrustment Loan"	an entrustment loan in the sum of RMB35,000,000 provided by the Shanghai branch of Huaxia Bank, as entrusted by Shanghai Kuailu, to the Shanghai OPCO under an entrustment loan agreement dated 24th September 2014 entered into between Shanghai Kuailu, the Shanghai branch of Huaxia Bank and the Shanghai OPCO
"Equity Partner"	Equity Partner Holdings Limited, a limited liability company incorporated in the British Virgin Islands

"Exercise Date"	a date on which a notice is given in respect of the exercise of the Conversion Rights in accordance with the terms and conditions of the Convertible Notes
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	an individual or a company who is not connected with any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates and is independent of the Company
"Key Victory"	Key Victory Holdings Limited (傑勝控股有限公司), a limited liability company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of the Target Company and an indirect shareholder of the entire interest in the Shanghai WFOE
"Latest Practicable Date"	22nd December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Committee"	has the meaning ascribed thereto in the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the date falling six months after the date of the Sale and Purchase Agreement or such other time as the parties agree in writing
"Noteholder"	the person who is for the time being the registered holder of the Convertible Notes
"Oriental Credit"	Oriental Credit Company Limited (東方信貸有限公司), a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company and a direct shareholder of the entire interest in the Shanghai WFOE
"PBOC"	the People's Bank of China

"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Rosy Start"	Rosy Start Investments Limited (啟茂投資有限公司), an investment holding company incorporated in the British Virgin Islands with limited liability
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 20th November 2014 entered into between the Company, the Vendors and the Vendors Guarantor in respect of the Acquisition
"Sale Shares"	200 shares of the Target Company, which represent all the issued and fully paid-up shares of the Target Company
"SFC"	Securities and Futures Commission of Hong Kong
"SGM"	a special general meeting of the Company to be convened and held for the purpose of considering, and if the Shareholders think fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder (including the specific mandate to be sought for the allotment and issue of the Conversion Shares) and the granting of an unconditional general mandate
"Shanghai Kuailu"	上海快鹿投資(集團)有限公司, a limited liability company incorporated in the PRC, the registered shareholder of the Shanghai OPCO which holds 83.13% of equity in the Shanghai OPCO
"Shanghai OPCO"	上海新盛典當有限公司, a limited liability company incorporated in the PRC
"Shanghai WFOE"	上海佑勝投資諮詢有限公司, a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Target Company
"Shanghai Zhifeng"	上海置鋒實業有限公司, a limited liability company incorporated in the PRC, the registered shareholder of the Shanghai OPCO which holds 16.87% of equity in the Shanghai OPCO

"Share(s)"	ordinary share(s) of HK$0.005 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers
"Target Company"	Oriental Credit Holdings Limited, a limited liability company incorporated in the Cayman Islands, the entire issued share capital of which is owned by the Vendors as at the Latest Practicable Date
"Target Group"	the Target Company and its subsidiaries (and, for this purpose, include the Shanghai OPCO) pursuant to the VIE Contracts
"Track Record Period"	the period from 5th December 2011 to 31st December 2011, the two years ended 31st December 2013 and the six months ended 30th June 2014
"Trading Day"	a day on which the Shares are traded on the Stock Exchange
"US$"	United States dollar(s), the lawful currency of the United States of America
"Vendors"	Rosy Start, Equity Partner, Century Best and Asiabiz, the legal and beneficial owners of the entire issued share capital of the Target Company
"Vendor Shareholding Ratio"	the ratio of shareholding in the Target Company by Asiabiz, Century Best, Equity Partner and Rosy Start that is 6%:39%:15%:40%, respectively
"Vendors Guarantor"	Joseph Shie Jay Lang （郎世杰）
"VIE"	Variable Interest Entity, refers to an entity (the investee) in which the investor holds a controlling interest that is not based on the majority of voting rights

"VIE Contracts"	a series of agreements entered into by Shanghai WFOE, namely:–

(i) Exclusive Consulting Service Agreement（獨家管理顧問服務協議）dated 30th September 2014 between the Shanghai WFOE and the Shanghai OPCO;

(ii) Equity Pledge Agreement（股權質押合同）dated 30th September 2014 between Shanghai Zhifeng and Shanghai Kuailu as pledgor in favour of the Shanghai WFOE as pledgee;

(iii) Exclusive Call Option Agreement（獨家購買期權協議）dated 30th September 2014 between the Shanghai WFOE, Shanghai Zhifeng, Shanghai Kuailu and the Shanghai OPCO;

(iv) Authorization Agreement（授權委託協議）dated 30th September 2014 between the Shanghai WFOE, Shanghai Zhifeng and Shanghai Kuailu;

(v) Supplemental agreement to Exclusive Consulting Service Agreement（關於《獨家管理顧問服務協議》的補充協議）dated 20th November 2014 between the Shanghai WFOE and the Shanghai OPCO;

(vi) Supplemental agreement to Equity Pledge Agreement（關於《股權質押合同》的補充協議）dated 20th November 2014 between Shanghai Zhifeng and Shanghai Kuailu as pledgor in favour of the Shanghai WFOE as pledgee;

(vii) Supplemental agreement to Exclusive Call Option Agreement（關於《獨家購買期權協議》的補充協議）dated 20th November 2014 between the Shanghai WFOE, Shanghai Zhifeng, Shanghai Kuailu and the Shanghai OPCO;

(viii) Supplemental agreement to Authorization Agreement（關於《授權委託協議》的補充協議）dated 20th November 2014 between the Shanghai WFOE, Shanghai Zhifeng and Shanghai Kuailu;

(ix) Second supplemental agreement to Exclusive Consulting Service Agreement (關於《獨家管理顧問服務協議》的第二補充協議) dated 22nd December 2014 between the Shanghai WFOE and the Shanghai OPCO; and

(x) Second supplemental agreement to Exclusive Call Option Agreement (關於《獨家購買期權協議》的第二補充協議) dated 22nd December 2014 between the Shanghai WFOE, Shanghai Zhifeng, Shanghai Kuailu and the Shanghai OPCO

In this circular (except for Appendix I), for the purpose of illustration only, amounts quoted in RMB have been converted into HK$ at the rate of RMB1.00 to HK$1.2596. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

* *The English names of the PRC entities referred to in this circular are transliterations from their Chinese names and are for identification purposes only, and should not be regarded as the official English name(s) of such Chinese name(s). If there is any inconsistency, the Chinese name shall prevail.*

大中華實業控股有限公司*
GREATER CHINA HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(Stock Code: 431)
website: http://www.irasia.com/listco/hk/greaterchina/index.htm

Executive Directors:
Ms. Ma Xiaoling *(Chairman)*
Ms. Chan Siu Mun

Non-executive Directors:
Mr. Chan Sze Hon

Independent non-executive Directors:
Mr. Ching Men Ky, Carl
Mr. Lin Ruei-min
Mr. Shu Wa Tung, Laurence

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of business in Hong Kong:
Rooms 1013 & 15, 10/F
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

24th December 2014

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF
ORIENTAL CREDIT HOLDINGS LIMITED
INVOLVING THE ISSUE OF CONVERTIBLE NOTES**

INTRODUCTION

Reference is made to the Announcement in relation to the Acquisition. On 20th November 2014, after trading hours, the Company, the Vendors and the Vendors Guarantor entered into the Sale and Purchase Agreement pursuant to which, the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Target Company. The Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules.

* *For identification purposes only*

The purpose of this circular is to give you, among other things: (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group; (iii) the financial information of the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the business valuation report of the Shanghai WFOE; and (vi) a notice of the SGM.

THE SALE AND PURCHASE AGREEMENT

The principal terms and conditions of the Sale and Purchase Agreement are as follows:

Date

20th November 2014

Parties

Purchaser:	the Company
Vendors:	Rosy Start; Equity Partner; Century Best; and Asiabiz
Vendors Guarantor:	Mr. Joseph Shie Jay Lang ("**Mr. Lang**"), the sole legal and beneficial owner of the entire issued share capital of Rosy Start, Equity Partner and Century Best

As at the Latest Practicable Date, 200 shares of the Target Company, representing all its issued share capital, are legally and beneficially owned by Rosy Start, Equity Partner, Century Best and Asiabiz. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors and the Vendors Guarantor is an Independent Third Party.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing all the issued shares of the Target Company.

Through its subsidiaries, the Target Company is the legal and beneficial owner of the entire registered capital of the Shanghai WFOE, which in turn has entered into a series of VIE Contracts. Through the VIE Contracts, the Shanghai WFOE has effective control over the financing and business operations of the Shanghai OPCO, and is entitled to the economic interest and benefits of the Shanghai OPCO. The Shanghai OPCO is primarily engaged in pawnshop business in Shanghai, the PRC.

Consideration

The Consideration shall initially be HK$150,000,000 for the Sale Shares (subject to adjustments as detailed in the section headed "Performance Targets and Consideration Adjustments" below) in accordance with the Sale and Purchase Agreement. The Consideration was determined after arm's length negotiations between the Company and the Vendors after taking into account, among others: (i) a preliminary valuation of the Shanghai WFOE compiled using the market approach; (ii) the Performance Targets (as defined below) of the Target Group; (iii) the latest unaudited net asset value of the Target Group; (iv) the payment terms of the Consideration; and (v) the opportunity for the Company to enter into pawnshop business in Shanghai as a result of the Acquisition.

The Consideration shall be satisfied by the Company by way of issue of the Convertible Notes in the following manner:

(a) at the 2014 Convertible Note Issue Date, a sum of HK$80,000,000 (subject to adjustment) will be paid by way of issue of the 2014 Convertible Note to the Vendors;

(b) at the 2015 Convertible Note Issue Date, a sum of HK$35,000,000 (subject to adjustment) will be paid by way of issue of the 2015 Convertible Note to the Vendors; and

(c) at the 2016 Convertible Note Issue Date, a sum of HK$35,000,000 (subject to adjustment) will be paid by way of issue of the 2016 Convertible Note to the Vendors.

The Convertible Notes shall be issued to each Vendor in accordance with the Vendor Shareholding Ratio.

Performance Targets and Consideration Adjustments

The initial Consideration (and accordingly the initial principal amount of Convertible Notes) is subject to adjustment on the basis of the following performance targets of the Target Group:–

(i) the Audited Consolidated Net Profit After Tax of the Target Group for the financial year ending 31st December 2014 (the "**2014 Net Profit**") shall not be less than HK$15,000,000 (the "**2014 Performance Target**");

(ii) the Audited Consolidated Net Profit After Tax of the Target Group for the financial year ending 31st December 2015 (the "**2015 Net Profit**") shall not be less than HK$25,000,000 (the "**2015 Performance Target**"); and

(iii) the Audited Consolidated Net Profit After Tax of the Target Group for the financial year ending 31st December 2016 (the "**2016 Net Profit**") shall not be less than HK$40,000,000 (the "**2016 Performance Target**" and, together with the 2014 Performance Target and the 2015 Performance Target, the "**Performance Targets**").

On the basis of the above Performance Targets, the principal amount of the 2014 Convertible Note, 2015 Convertible Note and 2016 Convertible Note shall each be adjusted to an amount equal to:

(i) in respect of the 2014 Convertible Note:

HK$80,000,000 + ($A_{2014}$-$B_{2014}$) x (HK$150,000,000/C);

(ii) in respect of the 2015 Convertible Note:

HK$35,000,000 + ($A_{2015}$-$B_{2015}$) x (HK$150,000,000/C); and

(iii) in respect of the 2016 Convertible Note:

HK$35,000,000 + ($A_{2016}$-$B_{2016}$) x (HK$150,000,000/C);

where

A_{2014}	=	the 2014 Net Profit;
A_{2015}	=	the 2015 Net Profit;
A_{2016}	=	the 2016 Net Profit;
B_{2014}	=	the 2014 Performance Target;
B_{2015}	=	the 2015 Performance Target;
B_{2016}	=	the 2016 Performance Target; and
C	=	the sum of the audited combined net asset value of the Target Group for the financial year ended 31st December 2013, the 2014 Performance Target, the 2015 Performance Target and the 2016 Performance Target

If the adjusted principal amount of the 2014 Convertible Note or the 2015 Convertible Note shall exceed 1.2 times their respective original principal amount, the adjusted principal amount shall be capped at 1.2 times their respective original principal amount.

In any event, the sum of the adjusted principal amount of the 2014 Convertible Note, the 2015 Convertible Note and the 2016 Convertible Note (that is, the adjusted Consideration) shall not exceed HK$180,000,000. If on any of the 2014 Convertible Note Issue Date, 2015 Convertible Note Issue Date or 2016 Convertible Note Issue Date, the sum of the adjusted principal amount of the Convertible Notes to be issued and the principal amount of all Convertible Notes issued exceeds HK$180,000,000, the Company shall only issue additional Convertible Notes in the principal amount being the difference between HK$180,000,000 and the sum of the principal amount of all Convertible Notes issued.

Put Option

Upon the sole and absolute discretion of the Board, the Company shall be entitled to require each Vendor, severally but not jointly, to repurchase all Sale Shares held by it (the "**Put Option**") within the period from Completion Date to the 30th Business Day after the 2015 Convertible Note Issue Date or such other period as the Board may otherwise determine in writing (the "**Put Option Period**") subject to the requirements of the Listing Rules.

If the Put Option is not exercised during the Put Option Period, the Put Option shall lapse and cease to have any effect.

The amount payable by the Vendors for the repurchase of the Sale Shares upon the Company exercising the Put Option shall be equivalent to the Consideration (the "**Put Price**"). The Put Price shall be set off against the amounts of the Consideration and the 2014 Convertible Note and 2015 Convertible Note (if issued) shall be cancelled.

Conditions Precedent

Completion of the Acquisition is conditional upon satisfaction or waiver (as the case may be):

(i) the passing of all resolutions by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at a general meeting of the Company approving the entering into the Sale and Purchase Agreement by the Company and the performance of the transactions contemplated thereunder including, without limitation, the acquisition of the Sale Shares, the issue of the Convertible Notes, the allotment and issue of the Conversion Shares upon the exercise of the Convertible Notes, in accordance with the relevant provisions in the Listing Rules, the Articles and the applicable laws and regulations in Hong Kong and Bermuda;

(ii) the Listing Committee granting the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Convertible Notes;

(iii) all existing material permits in respect of the operation of the business of the Target Group remaining valid and subsisting and no notice (actual or constructive) having been received by the Vendors or any member of the Target Group that the same will be terminated, revoked, withdrawn or suspended;

(iv) (A) all necessary statutory governmental and regulatory obligations having been complied with, and all necessary consents, approvals and waivers from the relevant statutory governmental and regulatory authorities having been obtained and continuing in force, and (B) all necessary statutory filings have been made and waiting periods having expired or been terminated for or in connection with the completion of the transactions contemplated under the Sale and Purchase Agreement and uninterrupted continuation of the business by the Target Group after Completion;

(v) the Company having received a legal opinion, which shall be issued by a qualified lawyer in the PRC to be appointed by the Company and shall be in such form and substance acceptable to the Company, in respect of the Shanghai WFOE and the Shanghai OPCO and their respective assets, business and operations, contracts and commitments, taxation and legal and regulatory aspects and such other matters reasonably requested by the Company or that may be material in the context of the transactions contemplated under the Sale and Purchase Agreement;

(vi) the Company having received certified copy of the certificate of registration of the Equity Pledge Agreement（股權質押合同）and supplemental agreement to Equity Pledge Agreement（關於《股權質押合同》的補充協議）or other equivalent documents certifying the due registration of the Equity Pledge and the supplemental agreement to Equity Pledge in the PRC government authorities;

(vii) the Company having received an original confirmation and undertaking in a form and substance acceptable to the Company given by Shanghai Kuailu that the accounts of the Shanghai OPCO have not been consolidated into the accounts of Shanghai Kuailu since the date Shanghai Kuailu became the registered shareholder of the Shanghai OPCO and shall not be consolidated into the accounts of the Shanghai Kuailu after Completion;

(viii) the Purchaser having received a certified copy of the revised entrustment loan agreement in a form and substance acceptable to the Purchaser in relation to the Entrustment Loan with interest rate of 6% per annum or lower;

(ix) the Company notifying the Vendors in writing that it is reasonably satisfied with the due diligence review; and

(x) the warranties remaining true, accurate and not misleading in all material respects and no material adverse change having occurred.

The Company and the Vendors shall use their respective best endeavours to ensure that the Conditions in (i) to (x) are satisfied as soon as possible but in any event on or before the Long Stop Date. The Vendors shall also procure that the Conditions which have been fulfilled shall remain unrevoked up to Completion Date.

The Company may in its sole and absolute discretion at any time before Completion waive the Conditions (other than those in Conditions (i) to (ii) if and to the extent that such waiver, if issued, would cause or result in any of the parties to the Sale and Purchase Agreement or any member of the Target Group breaching the Listing Rules and any other applicable laws and regulations) by notice in writing to the Vendors, and such waiver may be subject to terms and conditions as determined by the Company.

If any of the Conditions has not been fulfilled (or after fulfilled, have been revoked by the Completion Date, or, where applicable, waived by the Company in writing) on or before the Long Stop Date, either party shall be entitled to rescind the Sale and Purchase Agreement by giving 5 Business Days' written notice to the other parties whereupon the provisions of the Sale and Purchase Agreement shall from such date have no further force and effect and no party shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

As at the Latest Practicable Date, Condition (viii) has been fulfilled:

Completion

Completion shall take place on the third Business Day after all Conditions to Completion have been satisfied or waived (as the case may be), or such other date as the Company and the Vendors may agree in writing.

Upon Completion, the Company may appoint a nominee of the Vendors as non-executive Director as approved by the Board in compliance with the Listing Rules and the Articles.

THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are summarised below:

Principal amount:	HK$150,000,000 (or up to HK$180,000,000 after adjustments)
Maturity date:	Fifth anniversary of the date of issue (the "**Maturity Date**")
Interest:	Nil
Conversion Price:	HK$1.2 per Conversion Share (subject to adjustments)
Adjustment events:	The Conversion Price shall from time to time be adjusted upon occurrences of the following events: (i) consolidation or sub-division or re-classification of Shares; (ii) issue of shares by way of capitalisation of profits or reserves; or (iii) capital distribution or grant to Shareholders rights to acquire for cash assets of the Group. Notwithstanding the above, in any circumstances where the Directors or the Noteholder shall consider that an adjustment to the Conversion Price provided for under the above provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the above provisions, the Company may appoint an approved financial adviser to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the approved financial adviser shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including without limitation making an adjustment calculated on a different basis) as shall be certified by such approved financial adviser to be in its opinion appropriate.

Conversion Shares:

On the basis of the initial Consideration of HK$150,000,000 and the Conversion Price of HK$1.2, a total of 125,000,000 Conversion Shares will be allotted and issued upon full conversion of the Convertible Notes, which represents:

(i) approximately 41.69% of the total issued share capital of the Company as at the Latest Practicable Date; and

(ii) approximately 29.42% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes.

On the basis of the maximum adjusted Consideration of HK$180,000,000 and the Conversion Price of HK$1.2, a total of 150,000,000 Conversion Shares will be allotted and issued upon full conversion of the Convertible Notes, which represents:

(i) approximately 50.03% of the total issued share capital of the Company as at the Latest Practicable Date; and

(ii) approximately 33.34% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes.

The Conversion Shares shall be allotted and issued under the specific mandate to be sought at the SGM.

Conversion Rights:

The Noteholder shall have the right to convert on any Business Day during the Conversion Period (as defined below), the whole or any part(s) of the principal amount of the Convertible Notes into Shares at any time and from time to time at the Conversion Price provided that such part of the principal amount of the Convertible Notes has not previously been converted or redeemed or purchased or cancelled.

Conversion restrictions:	The Conversion Rights shall not be exercised by the Noteholder if and to the extent that, immediately following the conversion: (i) the Company will be unable to meet the public float requirement under the Listing Rules; or (ii) the Noteholder together with the parties acting in concert with it will hold or control such amount of the Company's voting power at general meetings as shall trigger a mandatory general offer under the Takeovers Code issued by the SFC and in effect at the material time (whether or not a waiver of the mandatory general offer obligation has been granted).
Conversion Period:	The date upon the expiry of the Put Option Period and ending on the 21st Business Day before the Maturity Date.
Redemption:	Unless previously converted, redeemed, purchased or cancelled in accordance with the conditions of the Convertible Notes, the Convertible Notes will be redeemed by the Company on the Maturity Date at its principal amount outstanding together with all accrued and unpaid interest upon the presentation of the original of the certificate for the Convertible Notes to the Company.
Ranking:	The Conversion Shares shall rank *pari passu* in all respects with all other existing Shares outstanding at the Exercise Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice.
Transferability:	The Convertible Notes or any part(s) thereof may be assigned or transferred at any time with the prior written approval of the Board, provided such assignment or transfer shall also be in compliance with the conditions thereunder and further subject to (where applicable) the conditions, approvals, requirements and any other provisions of or under: (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and

(ii) the Listing Rules and all applicable laws and regulations.

In any event, no transfer of the Convertible Notes shall take place before the commencement of the Conversion Period.

Application for listing: No application will be made to the Stock Exchange for listing of the Convertible Notes.

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

The Conversion Price

The Conversion Price represents:

(i) a discount of approximately 33.7% to the closing price of HK$1.81 per Share as quoted on the Stock Exchange on 20th November 2014, being the date of the Sale and Purchase Agreement;

(ii) a discount of approximately 30.2% to the average closing price of approximately HK$1.72 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20th November 2014;

(iii) a discount of approximately 28.7% to the average closing price of approximately HK$1.68 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 20th November 2014;

(iv) a discount of approximately 10.1% to the average closing price of approximately HK$1.33 per Share as quoted on the Stock Exchange for the last three months up to and including 20th November 2014;

(v) a discount of approximately 37.5% to the closing price of approximately HK$1.92 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vi) a premium of approximately 207.7% over the unaudited net asset value per Share attributable to the Shareholders of approximately HK$0.39 as at 30th June 2014, calculated based on the unaudited consolidated net asset attributable to the Shareholders of approximately HK$117,502,000 as at 30th June 2014 and 299,847,114 Shares issued as at the Latest Practicable Date.

The Conversion Price was determined after arm's length negotiation between the Company and the Vendors with reference to, among other things, the historical trading prices of the Shares. More particularly, it is noted that the Shares were trading persistently at a price below HK$1.2 for a substantial period of time during the one-year period immediately before the date of the Announcement. Accordingly, the Conversion Price represents:

(i) a premium of approximately 33.0% over the average closing price of approximately HK$0.90 per Share as quoted on the Stock Exchange for the last six months up to and including 20th November 2014;

(ii) a premium of approximately 77.2% over the average closing price of approximately HK$0.68 per Share as quoted on the Stock Exchange for the last one year up to and including 20th November 2014.

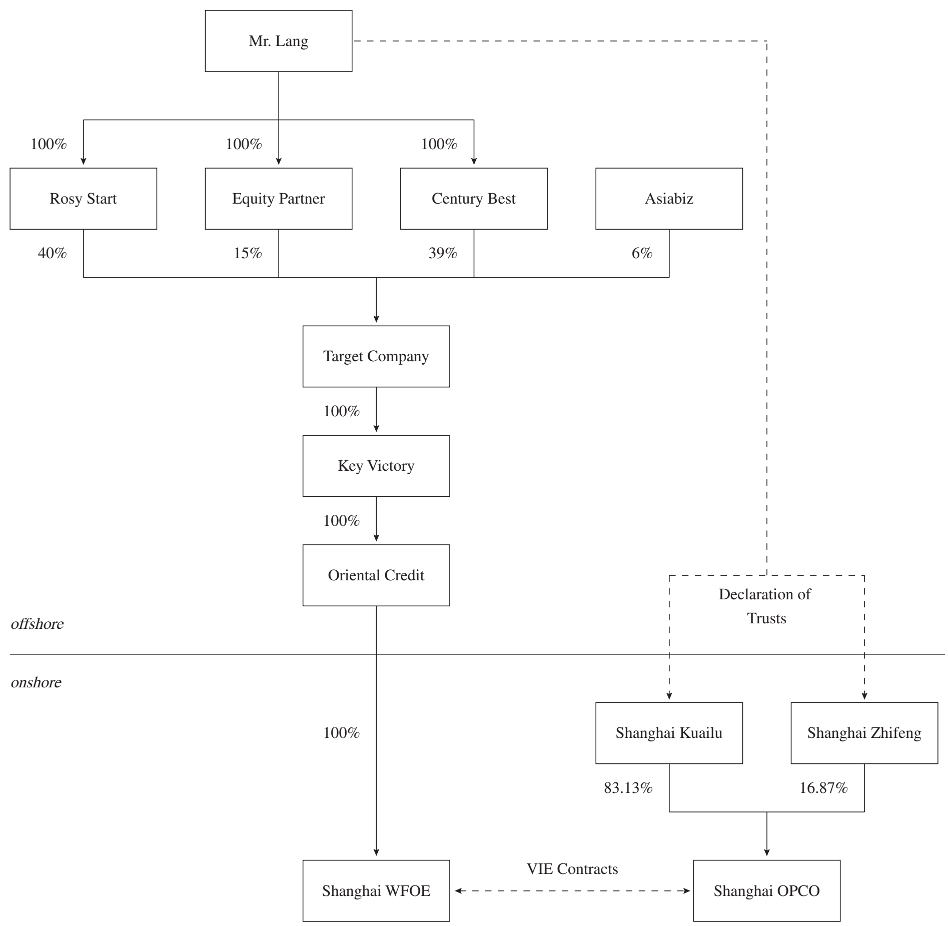
Having considered the above and on the basis that the Conversion Price represents a substantial premium to the Company's latest published unaudited net asset value per Share (as at 30th June 2014), the Directors consider it commercially reasonable to take into account a longer time horizon on the Share price performance in negotiating and arriving at the Conversion Price.

INFORMATION OF THE TARGET GROUP

The Target Company and its subsidiaries

The Target Company is a limited liability company incorporated in Cayman Islands. The entire issued share capital of the Target Company is owned by Rosy Start, Equity Partner, Century Best and Asiabiz according to the Vendor Shareholding Ratio. Rosy Start, Equity Partner and Century Best are wholly owned by Mr. Lang. The Target Company currently has three wholly-owned subsidiaries, namely Key Victory and Oriental Credit which are also investment holding companies, and the Shanghai WFOE having an approved business scope of the provision of investment consulting services. The Shanghai WFOE has entered into the VIE Contracts with the Shanghai OPCO which is principally engaged in pawnshop business in Shanghai, the PRC. Pursuant to the VIE Contracts, the Shanghai WFOE is able to gain control over the financing and business operations of the Shanghai OPCO, and is entitled to the economic interest and benefits of the Shanghai OPCO.

Set out below is the shareholding structure of the Target Company as at the Latest Practicable Date:



The Declaration of Trusts

As at the date of the Sale and Purchase Agreement, Mr. Lang has entered into the Declaration of Trusts with each of Shanghai Kuailu and Shanghai Zhifeng, pursuant to which Mr. Lang appointed each of Shanghai Kuailu and Shanghai Zhifeng as his trustees to be the registered shareholders of the equity and exercise the shareholders' rights of the Shanghai OPCO, and the equity of the Shanghai OPCO held by Shanghai Kuailu and Shanghai Zhifeng is beneficially owned by Mr. Lang.

The Company's PRC legal adviser is of the view that the Declaration of Trusts between Mr. Lang and each of Shanghai Kuailu and Shanghai Zhifeng do not constitute a breach of PRC laws and regulations and are legally valid and effective against the parties to the Declaration of Trusts under the relevant PRC laws and regulations. Pursuant to the terms of the Declaration of Trusts, Mr. Lang beneficially owns the entire equity interest of the Shanghai OPCO. Mr. Lang shall be recognized by the relevant PRC governmental authorities as the registered shareholder of the Shanghai OPCO when the competent governmental approval and registration are obtained.

Pursuant to the Sale and Purchase Agreement, at Completion, each of Shanghai Kuailu and Shanghai Zhifeng shall duly execute an original declaration of trust in a form and substance acceptable by the Company to hold the registered capital in the Shanghai OPCO in trust for the Shanghai WFOE. Therefore, the Shanghai WFOE will beneficially own the entire equity interest of the Shanghai OPCO according to such original declaration of trust upon Completion and the Shanghai WFOE shall be recognized by the relevant PRC governmental authorities as the registered shareholder of the Shanghai OPCO when the competent governmental approval and registration are obtained.

Information on Shanghai Kuailu, Shanghai Zhifeng and Mr. Lang

Shanghai Kuailu

Shanghai Kuailu is a limited liability company incorporated in the PRC in 2003 with registered capital of RMB100 million. Shanghai Kuailu is principally engaged in investments covering finance, manufacturing, commercial property and culture industries. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Shanghai Kuailu and its beneficial owners is Independent Third Party.

Shanghai Zhifeng

Shanghai Zhifeng is a limited liability company incorporated in the PRC in 2011 with registered capital of RMB30 million. Shanghai Zhifeng is principally engaged in sales of metals, wood and building materials, business information consulting, investment consulting, interior decoration and design, property management and greening works. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Shanghai Zhifeng and its beneficial owners is Independent Third Party.

Mr. Lang

Mr. Lang is the sole legal and beneficial owner of the entire issued share capital of Rosy Start, Equity Partner and Century Best, which together own 94% interests in the Target Company. He is also the co-founder of a China-based secondary market hedge fund, the "**Lang Fund**".

The VIE Contracts

Background

Pursuant to the prevailing laws and regulations in the PRC, foreign-invested enterprises are not prohibited from engaging in pawnshop businesses in the PRC. Pursuant to the "Pawnshop Administrative Policies"(《典當管理辦法》) issued by the Ministry of Commerce of the PRC (the "**MOC**") and the Ministry of Public Security of the PRC (the "**MPS**"), administrative policies governing the investment in pawnshop businesses in the PRC by foreign enterprises as well as Hong Kong, Macau and Taiwan investors should be separately formulated by the MOC and other relevant government authorities. However, the MOC and other relevant government authorities have yet to issue any such administrative policies as of the Latest Practicable Date.

In connection with the restriction on foreign investment in pawnshop businesses, the Company's PRC legal adviser has conducted a telephone consultation with certain officials of the Shanghai Municipal Commission of Commerce (the "**SMCC**"), the relevant government authority regulating the Shanghai OPCO in relation to pawnshop businesses, and was advised that the SMCC currently does not accept any application submitted by foreign enterprises or Hong Kong, Macau and Taiwan investors in relation to investments in pawnshop businesses in Shanghai as no relevant administrative policies have been issued. The Company's PRC legal adviser has also conducted a face-to-face consultation with certain officials of the SMCC ("**SMCC Consultation**") which have re-stated and confirmed that the SMCC currently does not accept any application submitted by foreign enterprises or Hong Kong, Macau and Taiwan investors in relation to investments in pawnshop businesses in Shanghai as no relevant administrative policies have been issued.

In light of the above, the Company's PRC legal adviser is of the view that while foreign-invested enterprises are not prohibited from engaging in pawnshop businesses in the PRC according to prevailing laws and regulations in the PRC, at present the MOC and relevant government authorities have issued no implementation rules or regulations to govern foreign investment in pawnshop businesses, and the SMCC (the relevant government authority regulating the Shanghai OPCO) currently does not accept applications by foreign enterprises or Hong Kong, Macau and Taiwan investors in relation to investment in pawnshop businesses in Shanghai as no relevant administrative policies have been issued. Accordingly, it is not possible for foreign investors, as a matter of practice, to register as shareholders of the Shanghai OPCO as at the Latest Practicable Date.

As a result of the foregoing, the Target Company, through the Shanghai WFOE, has entered into the VIE Contracts with the Shanghai OPCO to conduct pawnshop businesses in Shanghai. Pursuant to the VIE Contracts, despite the Shanghai WFOE does not have any equity interest in the Shanghai OPCO, the Shanghai WFOE is able to gain control over the financing and business operations of the Shanghai OPCO, and is entitled to the economic interest and benefits of the Shanghai OPCO. Accordingly, the financial results of the Shanghai OPCO are capable of being consolidated into the financial results of the Shanghai WFOE and of the Target Company. As advised by the Vendors, the Target Company and its subsidiaries have not encountered any interference or encumbrances from any governing bodies in operating the business through the VIE Contracts.

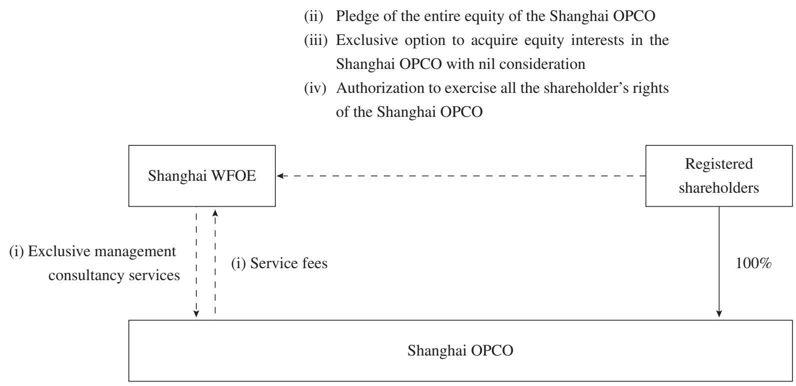
During the SMCC Consultation, the Company's PRC legal adviser has received the response that the VIE contractual arrangements are subject of corporate decision between the contractual parties, and the SMCC has no objection on the implementation of the VIE Contracts. The Company's PRC legal adviser has also attempted to request for some form of written confirmation from the SMCC on the above understandings but such request was declined.

On the basis of the foregoing, the Company, through the various requests and consultation conducted by its PRC legal adviser, has taken all reasonable steps in ensuring the VIE Contracts comply with applicable rules. The Company's PRC legal adviser further advised that the arrangement under the VIE Contracts do not constitute a breach of relevant laws and regulations and the VIE Contracts will not be deemed as "concealing illegal intentions with a lawful form" and void under the Contract Law of the PRC. The VIE Contracts are valid and enforceable against the parties to the VIE Contracts (save for the dispute resolution clauses as contained in the VIE Contracts, further details of which are set out in the risk factor headed "Any failure by the Shanghai OPCO or its shareholders to perform their obligations under the VIE Contracts with them may have a material adverse effect on the Target Group's business" under the section headed "Risks relating to the VIE Contracts", and the paragraph headed "Dispute resolutions in the VIE Contracts" below). The Company's PRC legal adviser also confirms that all necessary actions or steps have been taken to enable it to reach its legal conclusions above.

Based on the above, the Board is of the view that the VIE Contracts are narrowly tailored to achieve Shanghai OPCO's business purpose and to minimize the potential conflict with and are enforceable under the relevant PRC laws and regulations. The VIE Contracts enable the Shanghai WFOE to gain control over the financing and business operations of the Shanghai OPCO, and is entitled to the economic interest and benefits of the Shanghai OPCO. The VIE Contracts also provide that the Shanghai WFOE will unwind the VIE Contracts as soon as relevant PRC rules and regulations governing foreign investment in pawnshop business are issued which allow the Shanghai WFOE to register itself as shareholder of the Shanghai OPCO.

Details of the VIE Contracts

The following simplified diagram illustrates the flow of economic benefits from the Shanghai OPCO to the Shanghai WFOE stipulated under the VIE Contracts:



Notes:

For details, please refer to the corresponding numbered paragraphs below.

"——►" denotes direct legal and beneficial ownership in the equity interest

"---------►" denotes contractual relationship under the VIE Contracts

(i) Exclusive Consulting Service Agreement (獨家管理顧問服務協議)

The Shanghai WFOE and the Shanghai OPCO entered into the Exclusive Consulting Service Agreement on 30th September 2014, its supplemental agreement on 20th November 2014 and its second supplemental agreement on 22nd December 2014, pursuant to which the Shanghai WFOE agreed to provide the Shanghai OPCO with exclusive management consultancy services, including, among others, establishing appropriate pawnshop business model, management and operation policies, loan approval and risk management policies, accounting, finance and internal control policies, and marketing plans and strategies, as well as provision of market and customer intelligence and research, re-sale channels for forfeited collaterals, and business and operational funding alternatives.

It is provided under the Exclusive Consulting Service Agreement (as amended and supplemented) that insofar as permitted under relevant PRC laws, among others:

(a) the Shanghai OPCO shall appoint persons nominated by the Shanghai WFOE as its directors, and shall appoint senior management of the Shanghai WFOE as nominated by it to be the legal representative, supervisor, general manager, financial controller and senior management of the Shanghai OPCO;

(b) the Shanghai OPCO shall not remove such persons nominated by the Shanghai WFOE from their respective office without prior written approval from the Shanghai WFOE, except for reason of retirement, resignation, incapacitation or death;

(c) the Shanghai OPCO shall provide its books and accounts to the Shanghai WFOE and the Shanghai WFOE shall have the right to inspect the books and records of the Shanghai OPCO any time as it sees fit;

(d) the Shanghai OPCO shall provide all operational, business, customer, finance, staff and such other information to the Shanghai WFOE and its direct and indirect shareholders and its auditors;

(e) the Shanghai OPCO shall pay to the Shanghai WFOE, as consultancy service fee, its entire pre income-tax profits (net of operating and other tax expenses) on an annual basis;

(f) the Shanghai OPCO undertakes to implement the advices and recommendations of the Shanghai WFOE;

(g) the Shanghai OPCO shall procure all its directors and senior management to act in accordance with the instructions of the Shanghai WFOE;

(h) the Shanghai OPCO should have its corporate seal, finance seal and other corporate documents kept by the directors, legal representative, general manager, financial controller and other senior management of Shanghai OPCO as nominated by the Shanghai WFOE;

(i) the Shanghai OPCO shall accurately compile its management accounts in accordance with the financial reporting standards as adopted by the Shanghai WFOE, and make available all management accounts for the review by the Shanghai WFOE on a monthly basis; and

(j) the Shanghai OPCO shall provide all company information as requested by the Shanghai WFOE, its shareholders (direct and indirect) and their respective auditors to facilitate their respective audit process and satisfy all regulatory disclosure and reporting as applicable to the place of listing of the Shanghai WFOE's shareholder.

In addition to the above, the Exclusive Consulting Service Agreement (as amended and supplemented) also provided that without prior written approval from the Shanghai WFOE, the Shanghai OPCO shall not:

(a) incur, inherit, guarantee or allow for existence of any debt (safe for those under ordinary and usual course of business of the Shanghai OPCO and those with prior disclosure to and written consent from the Shanghai WFOE);

(b) enter into any contract other than in the ordinary and usual course of business of the Shanghai OPCO and with an amount below RMB1 million; and

(c) conduct any merger, consolidation, acquisition, investment, capital increase or reduction or alter its registered capital structure.

For services provided by the Shanghai WFOE, the Shanghai OPCO shall pay to Shanghai WFOE, as consultancy services fee, its entire pre income-tax profits (net of operating and other tax expenses) on an annual basis. Shanghai WFOE has the right to adjust the service fee in accordance with its services provided. It is further provided that the Shanghai WFOE shall provide financial support in the event of financial difficulty of the Shanghai OPCO. On the other hand, the Shanghai WFOE shall have the sole and absolute discretion to decide and resolve whether to continue the business and operations of the Shanghai OPCO, and the Shanghai OPCO must unconditionally agree to such decision as determined by the Shanghai WFOE.

The Exclusive Consulting Service Agreement is effective upon its execution and can only be terminated if (i) the entire equity interest held by each of Shanghai Kuailu and Shanghai Zhifeng in the Shanghai OPCO has been legally and duly transferred to the Shanghai WFOE or its nominee; (ii) upon the request of the Shanghai WFOE; or (iii) being enforced to be terminated under the then applicable PRC laws and regulations.

(ii) Equity Pledge Agreement (股權質押合同)

Shanghai Kuailu, Shanghai Zhifeng and the Shanghai WFOE entered into the Equity Pledge Agreement on 30th September 2014 and its supplemental agreement on 20th November 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng agreed to pledge the entire equity of the Shanghai OPCO to the Shanghai WFOE, as security for the payment obligation under the Exclusive Consulting Service Agreement. Under the Equity Pledge Agreement (as amended and supplemented), except with prior written consent of the Shanghai WFOE, Shanghai Kuailu and Shanghai Zhifeng are prohibited from transferring any of its equity interest in the Shanghai OPCO, or creating or allowing any creation of any pledge which may affect the rights and benefits of the Shanghai WFOE.

The term of the Equity Pledge Agreement is indefinite commencing from the date of its execution by all relevant parties (subject to the registration of the pledge in the register of members of the Shanghai OPCO which have been completed) while the equity pledge created thereunder shall become effective upon such pledge having been duly registered with the relevant State Administration for Industry and Commerce of the PRC, until all payment obligations under the Exclusive Consulting Service Agreement have been fulfilled and the Shanghai OPCO is no longer responsible for the obligations under the Exclusive Consulting Service Agreement.

(iii) Exclusive Call Option Agreement (獨家購買期權協議)

The Shanghai WFOE, Shanghai Kuailu, Shanghai Zhifeng and the Shanghai OPCO entered into the Exclusive Call Option Agreement on 30th September 2014, its supplemental agreement on 20th November 2014 and its second supplemental agreement on 22nd December 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng agreed to irrevocably undertake that insofar as permitted under applicable PRC laws and regulations, they shall transfer their respective equity interests in the Shanghai OPCO back to the Shanghai WFOE with nil consideration. In the event that consideration is required to be provided for such transfer under relevant PRC laws and regulations, such consideration shall be the minimum as permitted under applicable PRC laws and regulations, and that insofar as permitted under applicable PRC laws and regulations, the full amount of consideration received by or paid to the registered shareholders of the Shanghai OPCO, shall be returned to the Shanghai WFOE.

The Exclusive Call Option Agreement (as amended and supplemented) further provided that without prior written approval from the Shanghai WFOE, the Shanghai OPCO shall not, among others:

(a) amend, alter or supplement the articles of the Shanghai OPCO, or increase or decrease or in any way alter the structure of the registered capital of the Shanghai OPCO;

(b) incur, inherit, guarantee or allow for existence of any debt (save for those under ordinary and usual course of business of the Shanghai OPCO and those with prior disclosure to and written consent from the Shanghai WFOE);

(c) enter into any contract other than in the ordinary and usual course of business of the Shanghai OPCO and with an amount below RMB1 million;

(d) dispose, transfer, pledge, sell or create any charges over the assets, business, revenue or any beneficial interests of the Shanghai OPCO;

(e) advance loan or credit to any third party (save as the pawn loans granted by the Shanghai OPCO in its ordinary and usual course of business as approved under its business license); or

(f) merge, consolidate, acquire other companies or make any investments;

and the Shanghai OPCO shall:

(a) conduct its business in ordinary and usual course to preserve the asset value of the Shanghai OPCO and shall not engage in any act (or lack thereof) which may have any adverse effect on the business, operations and asset value of the Shanghai OPCO;

(b) provide any and all operational and financial information of the Shanghai OPCO to the Shanghai WFOE upon request;

(c) appoint any person(s) nominated by the Shanghai WFOE as its director(s) in accordance with applicable PRC laws and regulations;

(d) purchase and maintain an insurance policy underwritten by an insurance company accepted by the Shanghai WFOE, with sum of insured and insurance coverage similar to policies being purchased by comparable companies in the place of operation and industry of the Shanghai OPCO; and

(e) immediately inform the Shanghai WFOE any potential litigation, arbitration or administrative procedures over the assets, business or revenue of the Shanghai OPCO.

Further, each of Shanghai Kuailu and Shanghai Zhifeng has, as the registered shareholders of the Shanghai OPCO, undertaken that without prior written consent of the Shanghai WFOE:

(a) it shall not execute any agreement to the effect of disposing, transferring, pledging, selling or creating any charges over the assets, business, revenue or any beneficial interests of the Shanghai OPCO, save in respect of the pledge of equity interest to the Shanghai WFOE or its nominee in accordance with the terms of the Equity Pledge Agreement (as amended and supplemented);

(b) it shall not approve or authorize any dispose, transfer, pledge, sell or create any charges over the assets, business, revenue or any beneficial interests of the Shanghai OPCO, save in respect of the pledge of equity interest to the Shanghai WFOE or its nominee in accordance with the terms of the Equity Pledge Agreement (as amended and supplemented);

(c) it shall not approve or authorize the Shanghai OPCO for any merger, consolidation or acquisition of companies or make any investments;

(d) it shall appoint such person(s) nominated by the Shanghai WFOE as the director(s) of the Shanghai WFOE in accordance with applicable PRC laws and regulations; and

(e) it shall, upon request from the Shanghai WFOE at any time, immediately and unconditionally transfer its equity interest in the Shanghai OPCO to such representative(s) as nominated by the Shanghai WFOE.

The term of the Exclusive Call Option Agreement is indefinite commencing from the date of the agreement (i.e. 30th September 2014) until the entire equity interests of the Shanghai OPCO have been transferred to the Shanghai WFOE.

(iv) Authorization Agreement (授權委託協議)

Shanghai WFOE, Shanghai Kuailu and Shanghai Zhifeng entered into the Authorization Agreement on 30th September 2014 and its supplemental agreement on 20th November 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng have unconditionally and irrevocably authorized and entrusted the Shanghai WFOE or any party assigned by the Shanghai WFOE to exercise, at the discretion of the Shanghai WFOE, all the shareholder's rights of the Shanghai OPCO including (without limitation) rights to approve shareholders' resolutions, file documents with the relevant companies registry, vote in shareholders' meetings, transfer or in whatever way deal with the equity interest of the Shanghai OPCO, and all shareholders' rights provided for under the PRC laws and the articles of the Shanghai OPCO. The Authorization Agreement also provided Shanghai WFOE with the right to authorize, at any time, any of its directors and their respective successors (including the liquidation committee of Shanghai WFOE upon liquidation of the Shanghai WFOE), and the directors (and successors) of Shanghai OPCO as nominated by the Shanghai WFOE (including members of the liquidation committee of Shanghai OPCO nominated by the Shanghai WFOE upon liquidation of the Shanghai OPCO), to exercise all rights granted to Shanghai WFOE under the Authorization Agreement (as amended and supplemented), and such persons may only take instructions from the Shanghai WFOE without seeking any prior agreement with the Shanghai OPCO.

It is also provided in the Authorisation Agreement that in the event that Shanghai Kuailu or Shanghai Zhifeng declares bankruptcy, dissolves, being dissolved, terminates its business operation, business licenses being revoked, dissolution, litigation or arbitration, Shanghai Kuailu and Shanghai Zhifeng guarantee that they will immediately inform the Shanghai WFOE and cooperate with the Shanghai WFOE to take all necessary actions and execute all necessary documents to protect the interests of the Shanghai WFOE under the agreement.

The term of the Authorisation Agreement is indefinite commencing from the date of the agreement (i.e. 30th September 2014) until it is terminated by written notice from parties to the agreement or the entire equity of the Shanghai OPCO held by Shanghai Kuailu and Shanghai Zhifeng have been transferred to the Shanghai WFOE.

Dispute resolution clauses in the VIE Contracts

The VIE Contracts contain dispute resolution clauses that (i) provided for arbitration and that arbitrators may award remedies over the shares or land assets of the Shanghai OPCO, injunctive relief or order the winding up of OPCO; and (ii) provided the courts of competent jurisdictions with the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of Hong Kong, the Cayman Islands (place of incorporation of the Target Company), place of incorporation of the Shanghai OPCO and the place where the Shanghai OPCO's principal assets are located have been specified as having jurisdiction for this purpose.

Notwithstanding the inclusion of the above dispute resolution clauses in the VIE Contracts, the Company's PRC legal advisor is of the view that upon arbitration, there remains uncertainties as to: (i) whether a PRC arbitrator would act and/or rule strictly in accordance with those specified in the arbitration provisions; and (ii) whether the relevant PRC court would recognize and enforce rulings in accordance with those specified in the arbitration provisions, and/or recognize the courts of Hong Kong and the Cayman Islands (place of incorporation of the Target Company) as having jurisdiction for the purpose of the arbitration provisions.

Internal control over the Shanghai OPCO

In addition to the abovementioned measures as provided in the VIE Contracts, it is the current intention of the Company, following Completion, to implement, through the Shanghai WFOE, additional internal control measures against the Shanghai OPCO as appropriate, having regard to the internal control measures adopted by the Group from time to time, which may include (without limitation):

- the Shanghai OPCO to make available monthly management accounts within 15 days after each month end and provide explanations on any material fluctuations to the Shanghai WFOE;
- the Shanghai OPCO to submit detailed loan book with aging and impaired loan analysis within 15 days after each month end;
- the Shanghai OPCO to submit copies of latest bank statements for every bank accounts of the Shanghai OPCO within 15 days after each month end; and
- the Shanghai OPCO to assist and facilitate the Shanghai WFOE to conduct quarterly on-site internal audit on the Shanghai OPCO.

Business information of the Target Group

The Target Group is primarily engaged in pawnshop business in the PRC, which can generally be classified into five segments according to the types of collaterals of its loan portfolio:

(i) civilian goods: such as jewelleries, antiques, watches;

(ii) equity: equity interests of unlisted companies;

(iii) real estate: typically residential real estate and commercial real estate and factories;

(iv) vehicles: vehicles with licenses in Shanghai; and

(v) notes.

Financial information of the Target Group

Pursuant to the VIE Contracts, the Shanghai WFOE is able to control the financing business and operations of the Shanghai OPCO, and is entitled to the economic interest and benefits of the Shanghai OPCO despite the lack of registered equity ownership. Therefore, the financial results and conditions of the Shanghai OPCO are capable of being consolidated into the financial statements of the Target Company. Please refer to the Accountants' Report of the Target Group in Appendix II to this circular for the basis of consolidation of the financial results and conditions of the Shanghai OPCO into the financial statements of the Target Company.

The following table sets out the audited combined financial information of the Target Group for the Track Record Period:

	For the period from 5th December 2011 to 31st December 2011	For the year ended 31st December		For the six months ended 30th June 2014
		2012	2013	
	(HK$)	*(HK$)*	*(HK$)*	*(HK$)*
Turnover	171,178	3,912,200	8,467,589	10,649,127
(Loss)/profit before tax	(82,800)	(1,407,786)	(804,451)	4,568,674
(Loss)/profit for the period/year attributable to owners of the Target Company	(82,800)	(1,426,316)	(991,951)	3,443,668

As at 30th June 2014, the audited combined net asset value of the Target Group was approximately HK$60.3 million. Please also refer to Appendix II – Financial Information of the Target Group to this circular for related management discussion and analysis of the financial positions and results of the Target Group for the Track Record Period.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company. Accordingly, the financial results of the Target Group will be consolidated into the financial statements of the Company.

As at the Latest Practicable Date, the Shanghai OPCO had outstanding loan in the sum of RMB35,000,000 provided by the Shanghai branch of Huaxia Bank, as entrusted by Shanghai Kuailu, under an entrustment loan arrangement. The Entrustment Loan bears an interest of 5.6% per annum (as revised downward pursuant to one of the conditions precedent of the Acquisition Agreement), which is equivalent to the benchmark one-year interest rate published by the People's Bank of China. As Shanghai Kuailu is the 83.13% registered shareholder of the Shanghai OPCO, upon Completion, the Entrustment Loan will constitute financial assistance received by the Enlarged Group from a connected person pursuant to Chapter 14A of the Listing Rules. However, as the Entrustment Loan is (i) conducted on normal commercial terms or better; and (ii) not secured by the assets of the Enlarged Group, the Entrustment Loan, upon Completion, is fully exempted under Rule 14A.90 of the Listing Rules.

RISKS RELATING TO THE BUSINESS OF THE TARGET GROUP

Any difficulty to effectively manage the quality of the Target Group's loan portfolio and maintain a low level of loan impairments may have a material adverse impact on its business, results of operations and financial condition.

The sustainability of the Target Group's business and future growth depends largely on its ability to effectively manage the quality of its loan portfolio and maintain a low level of loan impairments. As such, any increase in loan impairments and deterioration in the Target Group's loan portfolio quality could materially and adversely affect its results of operations. The Target Group had not made any provision for loan impairments during the Track Record Period. The Target Group had some overdue loans, which were recognized when the loans became outstanding for 5 days according to the Target Group's policy. For overdue loans, the responsible staff will closely follow up with the clients, and in most cases, the clients will pay back the outstanding loans and interests in full within a period as negotiated and accepted by the Shanghai OPCO. If any of the overdue loans are determined to be not collectible, the Target Group will forfeit and sell the collateral by means of auction or otherwise. During the Track Record Period, the sale value of the collateral was able to cover the loan amount and interests.

The Target Group may not be able to effectively control the quality of its loan portfolio in the future. The Target Group's overdue loans may increase in the future due to a variety of factors, including factors beyond its control, such as a slowdown in economic growth in the PRC, and in particular, in Shanghai, a deepening of the global credit crisis or other adverse macroeconomic trends which may cause operational, financial and liquidity problems for its customers thereby affecting their ability to make timely loan repayments. If the Target Group's level of overdue loans increases and the sale value of the collateral is materially insufficient to cover the outstanding loan amount and interests, its business, results of operations and financial condition may be materially and adversely affected.

The values of collateral securing the Target Group's loans are subject to change, and may fall below the outstanding amount of the loans and thus be insufficient to cover its loss in the event of a customer default.

All of the Target Group's loans are secured by collateral. The principal amount of each loan the Target Group grants to a loan applicant is individually negotiated with the applicant but is capped at an amount that is proportional to the appraised value of the collateral at the time the Target Group grants such loan. As advised by the Target Group, for each of the period from 5th December 2011 to 31st December 2011, year ended 31st December 2012, year ended 31st December 2013 and the six months ended 30th June, 2014, the weighted average loan-to-value ratio was 100%, 89%, 36% and 36% for loans secured by equity interest collateral (the value of which refers generally to registered capital of the borrowers); n/a, 35%, 33% and 32% for loans secured by civilian goods collateral; n/a, n/a, n/a and 39% for loans secured by real estate collateral; n/a, n/a, n/a and 50% for loans secured by vehicle collateral; and n/a, n/a, 100% and n/a for loans secured by notes collateral; respectively. ("n/a" refers to "not applicable" as there was no grant of loan secured by the relevant collateral type for the respective reporting period.) The value of the Target Group's collateral may decline and may be materially and adversely affected by a number of factors, including factors beyond its control, such as damage, loss, oversupply, devaluation or reduced market demand or, in the case of equity interest collateral, any downturn in the business or financial condition of the related company.

Furthermore, the Target Group needs to complete the relevant registration with the relevant governmental authority for the purpose of effecting the pledge of relevant collateral as required by PRC laws and regulations. If such registration is not completed, or the value of the underlying collateral falls below the outstanding amount of a loan, the loan will not be adequately secured, and as a result may subject the Target Group to enhanced credit risk if the borrower defaults on such loan.

The Target Group may not be able to successfully enforce its rights to the underlying collateral or guarantees relating to its loans, or enforce its rights to repossess assets underlying its loans, and the Target Group may not be able to recover the full outstanding amount of a loan by disposing of the underlying collateral when the loan is in default.

In case a customer does not redeem the collateral for whatever reasons, the Target Group may agree to negotiate an agreement with the customer whereby the customer shall forfeit the collateral to offset the debt due to the Target Group. If the customer does not agree to negotiate such an agreement or if, having agreed to negotiate, no agreement can be reached, the Target Group may institute proceedings at the People's Court for the collateral to be sold by means of auction or otherwise.

The procedures for liquidating or otherwise realising the value of collateral of borrowers in China may be protracted or ultimately unsuccessful, and the enforcement process in the PRC in accordance with the Security Law of the PRC, the Property Law of PRC and other relevant laws and regulations may be difficult for legal and practical reasons. In addition, under the PRC law, the Target Group's rights to any collateral securing its loans may be subordinated to other claims. If the Target Group is not able to enforce its rights to the underlying collateral or guarantees or is not able to recover the full outstanding amount of a loan by disposing of the underlying collateral when the loan is in default, the business, results of operations and financial condition of the Target Group may be materially and adversely affected.

The Target Group's collateral appraisal and monitoring is based on limited information available to it and might be inaccurate, unreliable or outdated.

The Target Group's collateral appraisal process is a crucial part of its loan application review process. The Target Group's collateral appraisal is based on information submitted to it by the applicant as well as public information obtained independently, which is often limited and may involve a high degree of uncertainty. More particularly, for civilian goods, the Shanghai OPCO would typically have its own internal valuer and, where appropriate, may engage external expert to appraise the collateral value. For equity interest, the Shanghai OPCO would conduct due diligence on the client company in respect of its operations, finance and management and require credit guarantees provided by financing guarantee companies as collaterals in addition to the relevant equity interest. For real estate, the Shanghai OPCO would conduct preliminary online appraisal on the pledged property with reference to the real estate property located in nearby area with similar size, and conduct site visit to further observe its decoration. Then the Shanghai OPCO would go to the Real Estate Exchange Center in Shanghai (上海市房屋交易所) to get the official filings. For vehicles, the Shanghai OPCO would make reference to the repurchase price of the collaterals by calling the secondhand vehicle market to ask for a bid after describing the vehicle's basic information including the brand, model, insurance details and maintenance status. Then the Shanghai OPCO would go to the Department of Motor Vehicles in Shanghai (上海市車管所) to register for pledge.

The value of the underlying collateral is subject to change during the term of a loan. For example, the value of real estate is subject to market fluctuations, changes in regulatory policies, and other events that may impact the value of a specific property. The value of an enterprise's equity interest is subject to a variety of factors, including but not limited to, change of financial position of the enterprise and the shareholders, the operational results of the enterprise, as well as general economic conditions. The Target Group has no means of controlling on many of these factors. Any significant changes in collateral value may render the Target Group's initial appraisal results inaccurate or outdated, which may have a negative impact on its risk control assessment.

The calculation of an appraised loan-to-value ratio at the time of loan approval does not take into consideration expected interest accumulated on the loan or any change of the collateral value during the term of the loan. Accordingly, the Target Group's calculation of appraised average loan-to-value ratio is also subject to limitations on the information available to it and might be outdated.

Our business is concentrated in Shanghai and if the economy of Shanghai significantly deteriorates, our financial condition and results of operations may be materially and adversely affected.

As of the Latest Practicable Date, the business of the Target Group is concentrated in Shanghai and it is expected to continue to be concentrated in Shanghai in the foreseeable future. A significant economic downturn in Shanghai may reduce the demands for pawn loans and affect the Target Group's customers' ability to repay outstanding loan amounts, and as a result materially and adversely affect its financial condition and results of operations.

RISKS RELATING TO THE VIE CONTRACTS

The PRC Government may determine that the VIE Contracts are not in compliance with applicable PRC laws, rules, regulations or policies.

Pursuant to the prevailing laws and regulations in the PRC, foreign-invested enterprises are not prohibited from engaging in pawnshop business in the PRC. Pursuant to the "Pawnshop Administrative Policies"(《典當管理辦法》) issued by the MOC and the MPS, administrative policies governing the investment in pawnshop business in the PRC by foreign enterprises as well as Hong Kong, Macau and Taiwan investors should be separately formulated by the MOC and other relevant government authorities. However, the MOC and other relevant government authorities have not yet issued such administrative policies as at the Latest Practicable Date.

In connection with the restriction on foreign investment in pawnshop business, the Company's PRC legal adviser has conducted a telephone consultation with certain official of the SMCC, the relevant government authority regulating the Shanghai OPCO in relation to pawnshop business, and was advised that the SMCC currently does not accept any application submitted by foreign enterprises or Hong Kong, Macau and Taiwan investors in relation to investment in pawnshop business in Shanghai as no relevant administrative policies have been issued. The Company's PRC legal adviser has also conducted the SMCC Consultation which has re-stated and confirmed that the SMCC currently does not accept any application submitted by foreign enterprises or Hong Kong, Macau and Taiwan investors in relation to investments in pawnshop businesses in Shanghai as no relevant administrative policies have been issued.

In light of the above, the Company's PRC legal adviser is of the view that while foreign-invested enterprises are not prohibited from engaging in pawnshop business in the PRC according to prevailing laws and regulations in the PRC, at present the MOC and relevant government authorities have not issued any implementation rules or regulations to govern foreign investment in pawnshop business, and the SMCC (the relevant government authority regulating the Shanghai OPCO) currently does not accept applications by foreign enterprises or Hong Kong, Macau and Taiwan investors in relation to investment in pawnshop business in Shanghai as no relevant administrative policies have been issued. Accordingly, it is not possible for foreign investors, as a matter of practice, to register as shareholders of the Shanghai OPCO as at the Latest Practicable Date. On the basis of the foregoing, the Company, via its PRC legal adviser, has taken all reasonable steps in ensuring the VIE Contracts comply with applicable rules.

Notwithstanding the above, there remains the possibility that relevant PRC regulatory authorities may in the future have different opinions or adopt different interpretations of the then applicable PRC laws and regulations, or implement new PRC laws and regulations in respect of contractual arrangements such as the VIE Contracts, which may result in the VIE Contracts no longer in compliance with then PRC legal or regulatory requirements. The relevant PRC laws and regulations governing the validity of these VIE Contracts contain uncertainties as to interpretations and implementations and the relevant government authorities have broad discretion in interpreting these laws and regulations. Court rulings in the PRC cannot be searched or obtained from public or official channels unless such ruling has been published officially by the PRC Supreme Court as a "guiding case". As of the Latest Practicable Date, neither the Company's PRC legal adviser nor the Company is aware of any case which adopted the VIE Contracts that has been officially published by the PRC Supreme Court as a "guiding case". Accordingly, neither the Company's PRC legal adviser nor the Group is aware of any precedent cases in which similar contracts adopted by companies engaged in the pawnshop business have been enforced and upheld in the PRC courts. Accordingly, the Group cannot assure that, were the VIE Contracts to be challenged in a PRC court, that such contracts would be enforced and upheld.

The Group cannot assure that the VIE Contracts will not be found to be in contravention to applicable PRC laws and regulations in the future. If it is found to be in violation of any then existing PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such breach or violation, including:

- imposing economic penalties;
- restricting our right to collect revenues;
- revoking the business licences and/or the licences or certificates of the Shanghai OPCO;
- discontinuing or restricting the operations of the Shanghai OPCO;
- imposing conditions or requirements in respect of the VIE Contracts with which we may not be able to comply;
- requiring us to restructure the relevant ownership structure or operations;
- declaring the VIE Contracts void; and
- taking other regulatory or enforcement actions that could adversely affect our business.

Any of these actions could have a material adverse impact on the Group's business, financial condition and results of operations.

Moreover, in respect of the dispute resolution clauses as contained in the VIE Contracts, the Company's PRC legal advisor is of the view that upon arbitration, there remains uncertainties as to: (i) whether a PRC arbitrator would act and/or rule strictly in accordance with those specified in the arbitration provisions; and (ii) whether the relevant PRC Court would recognize and enforce rulings in accordance with those specified in the arbitration provisions, and/or recognize the courts of Hong Kong and the Cayman Islands (place of incorporation of the Target Company) as having jurisdiction for the purpose of the arbitration provisions.

If the VIE Contracts were not enforced and upheld, the protections provided to the Shanghai WFOE under the VIE Contracts would not protect the interests of shareholders and the Group could lose control of the Shanghai OPCO, be unable to consolidate its financial results with the Shanghai OPCO, or properly safeguard, awarded or control the assets of the Shanghai OPCO, which would result in a material adverse effect on the Group's business, financial condition and results of operations of the Shanghai WFOE.

The Target Group depends upon the VIE Contracts to conduct its pawnshop business in Shanghai and receive payments through the Shanghai OPCO, which may not be as effective as direct ownership.

The Target Group conducts its pawnshop business in China and generates substantially all of its revenue through the VIE Contracts. The VIE Contracts may not be as effective in providing the Target Group with control over the Shanghai OPCO as direct ownership.

If the Target Group had direct ownership of the Shanghai OPCO, the Target Group would be able to exercise its rights directly as a registered shareholder to effect changes in the board of directors of the Shanghai OPCO, which in turn could effect changes at the management level, subject to any applicable fiduciary obligations. However, under the current VIE Contracts, the Target Group relies on the Shanghai OPCO and its shareholders' performance of their contractual obligations to exercise effective control. In addition, the VIE Contracts generally have a term until the Shanghai OPCO's equity is transferred to the Shanghai WFOE. In general, neither the Shanghai OPCO nor its shareholders may terminate the contracts prior to the expiration date. However, the shareholders of the Shanghai OPCO may not act in the best interests of the Target Group or may not perform their obligations under these contracts. Such risks exist and the Target Group expects them to continue to exist throughout the period in which the Target Group intends to operate its business through the VIE Contracts with the Shanghai OPCO. In addition, notwithstanding the VIE Contracts have provided for the purchase of insurance against the properties and assets of the Shanghai OPCO, the Target Group has not purchased any insurance to cover risks relating to the enforcement of the VIE Contracts. Therefore, the VIE Contracts may not be as effective as direct ownership in providing the Target Group with control over the Shanghai OPCO.

Pursuant to the Exclusive Call Option Agreement and its supplemental agreements, Shanghai Kuailu and Shanghai Zhifeng agreed to irrevocably undertake that insofar as permitted under applicable PRC laws and regulations, they shall transfer their respective shares in the Shanghai OPCO back to the Shanghai WFOE with nil consideration. In the event that consideration is required to be provided for such transfer under relevant PRC laws and regulations, such consideration shall be the minimum as permitted under applicable PRC laws and regulations, and that insofar as permitted under PRC laws and regulations, the full amount of consideration shall be returned to the Shanghai WFOE. If the consideration required by the PRC laws and regulations is substantially high and Shanghai Kuailu and Shanghai Zhifeng fail to return the consideration to the Shanghai WFOE or the competent tax authority may require the Shanghai WFOE to pay enterprise income tax for such returned ownership transfer income with reference to the market value instead of the consideration as stipulated under the VIE Contracts, in which case the Shanghai WFOE may be subject to a substantial amount of tax, the financial conditions of the Shanghai WFOE may be materially and adversely affected. As a result, the Group's investment in the Target Group could also be materially and adversely affected.

Any failure by the Shanghai OPCO or its shareholders to perform their obligations under the VIE Contracts with them may have a material adverse effect on the Target Group's business.

The Shanghai OPCO and its shareholders may fail to take certain actions required for the Target Group's business or to follow its instructions despite their contractual obligations to do so. If they fail to perform their obligations under their respective agreements with the Target Group, the Target Group may have to rely on legal remedies under the PRC law, including seeking specific performance or injunctive relief, which may not be effective.

In the event that the Target Group is not able to exert control over the Shanghai OPCO, for example, if the shareholders of the Shanghai OPCO were to refuse to transfer their equity interest in the Shanghai OPCO to the Shanghai WFOE when the Shanghai WFOE exercises the call option pursuant to these VIE Contracts, or if they were otherwise to act in bad faith toward the Shanghai WFOE, then the Shanghai WFOE may have to take legal action to compel them to fulfill their contractual obligations.

The VIE Contracts contain dispute resolution clauses that (i) provided for arbitration and that arbitrators may award remedies over the shares or land assets of the Shanghai OPCO, injunctive relief or order the winding up of Shanghai OPCO; and (ii) provided the courts of competent jurisdictions with the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of Hong Kong, the Cayman Islands (place of incorporation of the Target Company), place of incorporation of the Shanghai OPCO and the place where the Shanghai OPCO's principal assets are located have been specified as having jurisdiction for this purpose.

In respect of the dispute resolution clauses as contained in the VIE Contracts, the Company's PRC legal advisor is of the view that upon arbitration, there remains uncertainties as to: (i) whether a PRC arbitrator would act and/or rule strictly in accordance with those specified in the arbitration provisions; and (ii) whether the relevant PRC court would recognize and enforce rulings in accordance with those specified in the arbitration provisions, and/or recognize the courts of Hong Kong and the Cayman Islands (place of incorporation of the Target Company) as having jurisdiction for the purpose of the arbitration provisions. As a result, the Target Group's ability to enforce these VIE Contracts may be limited, which may make it difficult to exert effective control over the Shanghai OPCO, and the Target Group's ability to conduct its business may be adversely affected.

The Target Group may suffer losses as the primary beneficiary of the Shanghai OPCO if the Target Group provides financial support to the Shanghai OPCO, and the Target Group may lose the ability to use and enjoy assets held by the Shanghai OPCO that are important to the operation of our business if the Shanghai OPCO declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Under the VIE Contracts, the Shanghai WFOE shall provide financial support in the event of financial difficulty of the Shanghai OPCO. On the other hand, the Shanghai WFOE shall have the sole and absolute discretion to decide and resolve whether to continue the business and operations of the Shanghai OPCO, and the Shanghai OPCO must unconditionally agree to such decision as determined by the Shanghai WFOE.

In addition, the Shanghai OPCO holds certain assets that are important to the Target Group's business operations. Notwithstanding the various rights of the Shanghai WFOE covered under the VIE Contracts (including those under the Authorization Agreement (as amended and supplemented) and the provisions relating to dispute resolutions), in the event the registered shareholders seek to wind up the Shanghai OPCO, or the Shanghai OPCO declares bankruptcy, and all or part of its assets become subject to liens or rights of third-party creditors, the Target Group may be unable to continue some or all of its business operations, which could materially and adversely affect its business, financial condition and results of operations. Furthermore, if the Shanghai OPCO undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering its ability to operate its business, which could materially and adversely affect its business, results of operations and financial condition.

The equity pledge against the equity interest of the Shanghai OPCO under the Equity Pledge Agreement is subject to successful registration with the relevant governmental authority to take effect

Shanghai Kuailu, Shanghai Zhifeng and the Shanghai WFOE entered into the Equity Pledge Agreement on 30th September 2014 and its supplemental agreement on 20th November 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng agreed to pledge the entire equity of the Shanghai OPCO to the Shanghai WFOE, as security for the payment obligation under the Exclusive Consulting Service Agreement. Such Equity Pledge Agreement became effective on the date of its execution by all relevant parties (subject to the registration of the pledge in the register of members of the Shanghai OPCO which have been completed). However, the effectiveness of the equity pledge under the Equity Pledge Agreement is still subject to the completion of the registration of such equity pledge with the relevant State Administration for Industry and Commerce of the PRC.

As at the Latest Practicable Date, the registration of the equity pledge with the relevant State Administration for Industry and Commerce of the PRC has not yet completed. However, there is no assurance that such registration would be completed as scheduled. The equity pledge is used as security for the payment obligation under the Exclusive Consulting Service Agreement. If such registration is not completed as scheduled and the Shanghai OPCO defaults on the payment obligation under the Exclusive Consulting Service Agreement, the Shanghai WFOE may be unable to deal with the pledged equity interest in a manner permitted by the relevant PRC laws which would result in a material adverse effect on the benefits of the Shanghai WFOE under the VIE Contracts.

The pricing arrangement under the VIE Contracts may be challenged by the PRC tax authorities.

Under applicable PRC tax laws and regulations, arrangements and transactions among related parties may be subject to audit or scrutiny by the PRC tax authorities within ten years after the taxable year when the arrangements or transactions are conducted. The Target Group may face adverse tax consequences if the PRC tax authorities determine that the VIE Contracts were not entered into based on arm's-length negotiations and therefore constitute unfavourable transfer pricing arrangements. Unfavourable transfer pricing arrangements could, among other things, result in an upward adjustment of the amount of tax the Target Group is required to pay. In addition, the PRC tax authorities may impose interest on late payments on the Shanghai OPCO for the adjusted but unpaid taxes. The VIE Contracts were negotiated and executed based on an equal standing and reflect the true commercial intention of the Shanghai OPCO. As of the Latest Practicable Date, the Shanghai OPCO submitted its financial statements for the year ended 31st December 2013 to its jurisdictional tax bureau for tax filing purpose and paid its respective taxes for the year of 2013. In addition, to the best knowledge of the Directors, the Group was not aware that any other publicly-listed companies within the PRC which has adopted a VIE structure was challenged by the relevant tax authorities that the VIE structure was not entered into on an arm's-length basis. However, the Target Group is not in a position to predict what position the PRC tax authorities may take. The Target Group's results of operations may be materially and adversely affected if the Shanghai OPCO's tax liabilities increase significantly or if it is required to pay interest on late payments.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) investment holding; (ii) industrial property development; and (iii) general trading including trading of metal materials. The Group has been making loss since 2012 mainly due to a slump in general trading segment as a result of the continued decrease in demand for raw materials such as electronic parts, metal materials, etc.

As stated in the Group's interim report for the six months ended 30th June 2014, the Group will continue to seek opportunity to expand the income stream and explore different investment opportunities which are suitable for the Group with the objective to maximize the return to the Shareholders.

The Acquisition provides a valuable opportunity for the Group to enter into the pawnshop industry in Shanghai. According to Supervision and Management Information System of Pawn Loan Business of Ministry of Commerce of the PRC (商務部典當行業監督管理信息系統), the pawn loan industry advanced an aggregate of RMB333.6 billion of pawn loans in 2013, representing a year-on-year growth rate of 24.7%. The balance of outstanding pawn loans was RMB86.6 billion at the end of 2013, representing a year-on-year growth rate of 28.1%. Shanghai is the economic and financial center of China. According to National Bureau of Statistics of China, Shanghai had gross domestic products of RMB2.16 trillion in 2013, which is the highest among the provinces in the PRC. This provides a favourite business environment for the Target Group in respect of its pawnshop business.

Having considered, among other things:

– the expected market potential of pawnshop business in the PRC and the geographical location of the Target Group's business which is one of the economically developed major cities in the PRC;

– the Target Group is still at its initial growth stage with a business and asset size relatively suitable as the Company's first business venture into the pawnshop business in the PRC;

– the Sale and Purchase Agreement has in place the Performance Targets covering the period up to 31st December 2016 and a corresponding adjustment mechanism on the Consideration to safeguard the interests of the Company;

– the Acquisition provides the Company with an opportunity to expand its business horizon to tap on a growth sector in the PRC, expand its income stream, diversify its business risk as well as improve its financial performance;

– the Sale and Purchase Agreement provides for a Put Option for the Company to opt out the investment should it consider the investment not suitable or not performing to its satisfaction; and

– the Consideration is to be settled solely by way of Convertible Notes, which does not drain on the Company's liquidity and would not have an immediate dilution effect on the shareholding of its Shareholders as the Convertible Notes can only be converted into Conversion Shares after the expiry of the Put Option Period (i.e. the 30th Business Day after the 2015 Convertible Note Issue Date);

the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon Completion; (iii) immediately upon full conversion of the Convertible Notes with principal amount of HK$150,000,000; and (iv) immediately upon full conversion of the Convertible Notes with maximum principal amount of HK$180,000,000:

	As at the Latest Practicable Date *(Note 2)*		**Immediately upon Completion** *(Note 2)*		**Immediately upon full conversion of the Convertible Notes with principal amount of HK$150,000,000** *(Note 2)*		**Immediately upon full conversion of the Convertible Notes with maximum principal amount of HK$180,000,000** *(Note 2)*	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Directors								
Keenlead Holdings Limited *(Note 1)*	120,212,256	40.09	120,212,256	40.09	120,212,256	28.30	120,212,256	26.72
The Vendor	–	–	–	–	125,000,000	29.42	150,000,000	33.34
Public Shareholders	179,634,858	59.91	179,634,858	59.91	179,634,858	42.28	179,634,858	39.94
Total	299,847,114	100.00	299,847,114	100.00	424,847,114	100.00	449,847,114	100.00

Notes:

1. The entire issued share capital of Keenlead Holdings Limited is wholly and beneficially owned by Ms. Ma Xiaoling, the Chairperson and executive Director.

2. Assuming that the shareholding structure of the Company has not changed after the Latest Practicable Date and immediately upon Completion and before full conversion of the Convertible Notes.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. The Sale and Purchase Agreement and the transactions contemplated thereunder (including the specific mandate to be sought for the allotment and issue of the Conversion Shares) are subject to Shareholders' approval by way of poll at the SGM. As no Shareholder has any material interest in the Acquisition which is different from that of other Shareholders, none of the Shareholders is required to abstain from voting at the SGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

THE SGM

The SGM is convened to be held at 11:00 a.m. on Friday, 16th January 2015 at 2/F, J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong, the notice of which is set out on pages 149 to 153 of this circular, for the Shareholders to consider and, if thought fit, approve the Acquisition.

In compliance with the Listing Rules, the resolutions will be voted on by way of a poll at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

RECOMMENDATION

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
Greater China Holdings Limited
Ma Xiaoling
Chairperson

FINANCIAL INFORMATION OF THE COMPANY

The audited consolidated financial statements of the Group for the years ended 31st December 2011, 31st December 2012 and 31st December 2013, including the notes thereto, have been published in the annual reports of the Company for the years ended 31st December 2011 (pages 16 to 79), 31st December 2012 (pages 17 to 89) and 31st December 2013 (pages 17 to 87) and the unaudited consolidated financial statements of the Group for the six months ended 30th June 2014, including the notes thereto, have been published in the interim report of the Company for the six months ended 30th June 2014 (pages 3 to 26), which are incorporated by reference into this circular. The said annual reports of the Company are available on the website at http://www.irasia.com/listco/hk/greaterchina/index.htm and the website of the Stock Exchange at http://www.hkexnews.hk.

STATEMENT OF INDEBTEDNESS

As at the close of business on 31st October 2014, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had outstanding secured bank loans of RMB141,000,000 (approximately to HK$177,604,000) and entrustment loan of RMB35,000,000 (approximately to HK$44,086,000). All secured bank loans are denominated in Renminbi and RMB102,000,000 (approximately to HK$128,479,000) of which is secured by the pledge of prepaid lease payments and warehouses and RMB39,000,000 (approximately to HK$49,124,000) of which is secured by the pledge of bank deposits. In addition, the balance of the entrustment loan is provided by a registered shareholder of the Shanghai OPCO through a bank to the Shanghai OPCO amounted to RMB35,000,000 (approximately to HK$44,086,000).

As at the close of business on 31st October 2014, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had the other loan related to debt assets transfer agreements with a party amounted to RMB58,836,504 (approximately to HK$74,110,000). One of the shareholders of this party was the registered shareholder of the Shanghai OPCO till 25th July 2014.

As at the close of business on 31st October 2014, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had the amount due to Vendors Guarantor of RMB357,740 and HK$6,466,460 (together approximately to HK$6,917,000).

As at the close of business on 31st October 2014, being the latest practicable date for the purpose of this statement of indebtedness, the Group had negotiated and confirmed banking facilities of RMB80,000,000 (approximately to HK$100,768,000) secured by the pledge of warehouse of RMB106,737,500 (approximately to HK$134,447,000) from Industrial and Commercial Bank of China.

Save as disclosed above and otherwise mentioned in this circular, except and apart from intragroup liabilities, the Enlarged Group did not have any debt securities issued and outstanding or agreed to be issued, bank borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31st October 2014.

For the purpose of the indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing as at 31st October 2014.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources currently available to the Enlarged Group, in the absence of unforeseeable circumstance, the Enlarged Group has sufficient working capital for its present requirements that is for at least the next twelve months following the date of this circular.

MATERIAL ADVERSE CHANGE

As the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Enlarged Group since 31st December 2013 (being the date to which the latest published audited financial statements of the Group were made up).

FINANCIAL AND TRADING PROSPECTS

Industrial property development

For the industrial property development segment, the operation is expected to remain stable with gradual growth. The warehouse is currently 100% utilized and the management will continue to look for opportunities to offer additional value-added services to the customers in order to broaden the income stream from the operation.

General trading

The general trading operation is expected to start generating revenue as the operation is gradually resuming. The business environment of general trading is still difficult given the severe competition and slow growth in demand in raw materials such as electronic parts and metal materials. However, the management will continue to focus on the business development of the segment in order to improve the profitability of the Group as a whole.

EFFECT OF THE ACQUISITION

Assets

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, upon Completion, the unaudited pro forma consolidated total assets of the Enlarged Group would increase to HK$520.0 million.

Liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, upon Completion, the unaudited pro forma consolidated total liabilities of the Enlarged Group would increase to HK$406.3 million.

(1) ACCOUNTANTS' REPORT OF THE TARGET GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

24th December 2014

The Board of Directors
Greater China Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Oriental Credit Holdings Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") for the period from 5th December 2011 to 31st December 2011, each of the two years ended 31st December 2012 and 2013 and the six months ended 30th June 2014 (the "Relevant Periods") for inclusion in the circular dated 24th December 2014 issued by Greater China Holdings Limited (the "Company") in connection with the proposed acquisition of the entire equity interest in the Target Company (the "Circular").

The Target Company was incorporated on 28th June 2012 in the Cayman Islands with limited liability and acts as an investment holding company. As at the date of this report, the Target Company has direct and indirect interests in the subsidiaries as set out in note 2 to the Financial Information.

All the companies of the Target Group have adopted 31st December as the financial year end date.

The statutory financial statements of 上海新盛典當有限公司 ("Shanghai OPCO") for each of the three years ended 31st December 2013 have been prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the People's Republic of China (the "PRC") and were audited by Shanghai Hddy Certified Public Accountants Co., Ltd. registered in the PRC in accordance with Independent Auditing Standards for Chinese Certified Public Accountants.

The statutory financial statements of Oriental Credit Company Limited ("Oriental Credit") for the period from 1st August 2012 (date of incorporation) to 31st December 2013 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by Katon CPA Limited, certified public accountants registered in Hong Kong in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have audited the financial statements of the Target Company for the period from 28th June 2012 (date of incorporation) to 31st December 2012, year ended 31st December 2013 and the six months ended 30th June 2014, Key Victory Holdings Limited ("Key Victory") for the period from 6th June 2012 (date of incorporation) to 31st December 2012, year ended 31st December 2013 and the six months ended 30th June 2014 and 上海佑勝投資諮詢有限公司 ("Shanghai WFOE") for the period from 8th November 2012 (date of establishment) to 31st December 2012, year ended 31st December 2013 and the six months ended 30th June 2014, which have been prepared in accordance with HKFRSs, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

No audited financial statements of Oriental Credit for the six months ended 30th June 2014 have been prepared for the Relevant Periods as they are not yet due for statutory audit as at the date of this report.

For the purpose of this report, the sole director of the Target Company has prepared the combined financial statements of the Target Group for the Relevant Periods in accordance with HKFRSs issued by the HKICPA (the "HKFRS Financial Statements").

We have performed our independent audit on the HKFRS Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the HKFRS Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information has been prepared from the HKFRS Financial Statements in accordance with HKFRSs. No adjustments were considered necessary for the purpose of preparing our report for inclusion in the Circular.

The sole director of the Target Company is responsible for the preparation of the HKFRS Financial Statements. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the HKFRS Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

For the purpose of this report, the sole director of the Target Company has prepared the comparative financial information of the Target Group for the six months ended 30th June 2013 (the "Comparative Financial Information") in accordance with HKFRSs. We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists principally of making enquiries of the Target Group management and applying analytical procedures to the Comparative Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Comparative Financial Information.

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Target Company as at 31st December 2012 and 2013 and 30th June 2014. In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Target Group as at 31st December 2011, 2012 and 2013 and 30th June 2014 and of the Target Group's results and cash flows for the Relevant Periods.

FINANCIAL INFORMATION

A. COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Period from 05.12.2011 to 31.12.2011	Year ended 31.12.2012	Year ended 31.12.2013	Six months ended 30.06.2013	Six months ended 30.06.2014
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
					(unaudited)	
Turnover	*7*	171,178	3,912,200	8,467,589	2,161,539	10,649,127
Other revenue	*8*	11,810	1,966,364	2,003,943	1,490,664	11,667
Operating income		182,988	5,878,564	10,471,532	3,652,203	10,660,794
Operating expenses		(265,788)	(7,286,350)	(11,275,983)	(3,461,618)	(6,092,120)
(Loss)/profit before tax		(82,800)	(1,407,786)	(804,451)	190,585	4,568,674
Income tax expense	*9*	–	(18,530)	(187,500)	(179,184)	(1,125,006)
(Loss)/profit for the period/year attributable to owners of the Target Company	*10*	(82,800)	(1,426,316)	(991,951)	11,401	3,443,668
Other comprehensive income, net of tax						
Item that may be reclassified to profit or loss:						
Exchange differences on translating foreign operations		(16,455)	59,520	704,852	231,417	(460,046)
Total comprehensive income for the period/year attributable to owners of the Target Company		(99,255)	(1,366,796)	(287,099)	242,818	2,983,622

B. COMBINED STATEMENTS OF FINANCIAL POSITION

		At 31st December			At 30th June
		2011	2012	2013	2014
	Note	*HK$*	*HK$*	*HK$*	*HK$*
Non-current assets					
Property, plant and equipment	*13*	91,574	1,690,689	1,274,799	1,045,088
Current assets					
Repossessed assets	*14*	75,752	159,827	61,212	43,449
Pawn loan receivables	*15*	8,552,600	8,819,953	54,918,153	64,188,918
Interest and trade receivables	*16*	–	–	6,782,409	1,640,998
Prepayments, deposits and other receivables		485,712	7,058,857	9,624,928	1,228,650
Due from shareholders	*17*	–	1,560	1,560	1,560
Bank and cash balances	*18*	2,195,492	45,173	1,322,844	1,710,892
		11,309,556	16,085,370	72,711,106	68,814,467
Current liabilities					
Accruals and other payables		305,735	8,027,601	15,174,098	7,454,105
Due to a director	*19*	–	10,000	1,416,796	1,615,577
Current tax liabilities		4,253	12,552	106,604	517,844
		309,988	8,050,153	16,697,498	9,587,526
Net current assets		10,999,568	8,035,217	56,013,608	59,226,941
Total assets less current liabilities		11,091,142	9,725,906	57,288,407	60,272,029
NET ASSETS		11,091,142	9,725,906	57,288,407	60,272,029
Capital and reserves					
Share capital	*21*	11,347,000	11,348,560	59,198,160	59,198,160
Reserves		(255,858)	(1,622,654)	(1,909,753)	1,073,869
TOTAL EQUITY		11,091,142	9,725,906	57,288,407	60,272,029

C. STATEMENTS OF FINANCIAL POSITION

		At 31st December		At 30th June
		2012	**2013**	**2014**
	Note	*HK$*	*HK$*	*HK$*
Current assets				
Due from shareholders	*17*	780	780	780
TOTAL ASSETS		780	780	780
Capital				
Share capital	*21*	780	780	780
TOTAL EQUITY		780	780	780

D. COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Foreign currency translation reserve	Merger reserve	(Accumulated losses)/ Retained profits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
		(note 22 (b)(i))	*(note 22 (b)(ii))*	*(note 22 (b)(iii))*		
At 5th December 2011	11,347,000	–	820,881	(977,484)	–	11,190,397
Total comprehensive income and changes in equity for the period	–	–	(16,455)	–	(82,800)	(99,255)
At 31st December 2011 and 1st January 2012	11,347,000	–	804,426	(977,484)	(82,800)	11,091,142
Issue of share capital	1,560	–	–	–	–	1,560
Total comprehensive income for the year	–	–	59,520	–	(1,426,316)	(1,366,796)
Changes in equity for the year	1,560	–	59,520	–	(1,426,316)	(1,365,236)
At 31st December 2012 and 1st January 2013	11,348,560	–	863,946	(977,484)	(1,509,116)	9,725,906
Injection of capital	47,849,600	–	–	–	–	47,849,600
Total comprehensive income for the year	–	–	704,852	–	(991,951)	(287,099)
Changes in equity for the year	47,849,600	–	704,852	–	(991,951)	47,562,501
At 31st December 2013 and 1st January 2014	59,198,160	–	1,568,798	(977,484)	(2,501,067)	57,288,407
Total comprehensive income for the period	–	–	(460,046)	–	3,443,668	2,983,622
Transfer to statutory reserve	–	229,777	–	–	(229,777)	–
Changes in equity for the period	–	229,777	(460,046)	–	3,213,891	2,983,622
At 30th June 2014	59,198,160	229,777	1,108,752	(977,484)	712,824	60,272,029
At 1st January 2013	11,348,560	–	863,946	(977,484)	(1,509,116)	9,725,906
Total comprehensive income and changes in equity for the period (unaudited)	–	–	231,417	–	11,401	242,818
At 30th June 2013 (unaudited)	11,348,560	–	1,095,363	(977,484)	(1,497,715)	9,968,724

E. COMBINED STATEMENTS OF CASH FLOWS

	Period from 05.12.2011 to 31.12.2011 HK$	Year ended 31.12.2012 HK$	Year ended 31.12.2013 HK$	Six months ended 30.06.2013 HK$ (unaudited)	Six months ended 30.06.2014 HK$
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before tax	(82,800)	(1,407,786)	(804,451)	190,585	4,568,674
Adjustments for:					
Depreciation	4,823	302,423	511,925	253,900	220,904
Bank interest income	(11,810)	(5,884)	(6,023)	(384)	(11,667)
Operating (loss)/profit before working capital changes	(89,787)	(1,111,247)	(298,549)	444,101	4,777,911
(Increase)/decrease in repossessed assets	–	(83,416)	102,181	(450,487)	17,366
Increase in pawn loan receivables	(8,558,900)	(218,446)	(45,088,896)	(3,441,851)	(9,723,246)
(Increase)/decrease in interest and trade receivables	–	–	(6,675,490)	(661,923)	5,867,835
Decrease/(increase) in prepayments, deposits and other receivables	970,654	(6,552,221)	(2,299,442)	3,017,127	7,596,839
Increase/(decrease) in accruals and other payables	295,316	7,699,614	6,795,585	54,680	(7,643,425)
Cash (used in)/generated from operating activities	(7,382,717)	(265,716)	(47,464,611)	(1,038,353)	893,280
Taxes paid	–	(10,279)	(95,333)	(19,668)	(711,388)
Net cash (used in)/generated from operating activities	(7,382,717)	(275,995)	(47,559,944)	(1,058,021)	181,892
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	–	(1,862,308)	(48,155)	(48,155)	–
Bank interest received	11,810	5,884	6,023	384	11,667
Net cash generated from/(used in) investing activities	11,810	(1,856,424)	(42,132)	(47,771)	11,667
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares/injection of capital	–	100	47,849,600	–	–
Increase in amount due to a director	–	9,900	1,404,513	1,129,554	200,151
Net cash generated from financing activities	–	10,000	49,254,113	1,129,554	200,151
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,370,907)	(2,122,419)	1,652,037	23,762	393,710
Effect of foreign exchange rate changes	(8,658)	(27,900)	(374,366)	14,007	(5,662)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	9,575,057	2,195,492	45,173	45,173	1,322,844
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	2,195,492	45,173	1,322,844	82,942	1,710,892
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank and cash balances	2,195,492	45,173	1,322,844	82,942	1,710,892

F. NOTES TO THE FINANCIAL INFORMATION

1. General information

The Target Company was incorporated on 28th June 2012 in the Cayman Islands with limited liability. The address of its registered office is 4th Floor, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands. The address of its principal place of business is No. 900, Golden City Road, Shanghai, the PRC.

The Target Company is an investment holding company. The principal activities of its subsidiaries at the date of this report are provision of consultancy service and engaged in pawn broking and money lending.

In the opinion of the sole director of the Target Company, Mr. Joseph Shie Jay LANG (the "Controlling Shareholder") is the ultimate controlling party of the Target Company throughout the Relevant Periods.

2. Basis of preparation of financial information

On 28th June 2012, the Target Company was incorporated in the Cayman Islands with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. Upon incorporation, 1 share was allotted and issued to Offshore Incorporations (Cayman) Limited at par and such share was immediately transferred to Century Best Holdings Limited ("Century Best") at par. On the same date, 44, 40 and 15 shares were issued and allotted to Century Best, Rosy Start Investments Limited ("Rosy Start") and Equity Partner Holdings Limited ("Equity Partner") respectively. Century Best held 6 shares of the Target Company on trust on behalf of Asiabiz Capital Investment Limited ("Asiabiz"). On 15th September 2014, the 6 shares held by Century Best were transferred back to Asiabiz at par and such trust was revoked.

On 6th June 2012, Key Victory was incorporated in British Virgin Islands with limited liability with an authorised capital of US$50,000 divided into 50,000 shares of US$1 each. On 25th June 2012, 45 shares, 40 shares and 15 shares were allotted and issued at par to Century Best, Rosy Start and Equity Partner respectively. The Controlling Shareholder was the shareholder of Century Best and Equity Partner. Ms. Wendy Li WANG held the shares of Rosy Start on trust on behalf of the Controlling Shareholder. Thus, the Controlling Shareholder held the entire interest of Key Victory. On 5th August 2014, the entire equity interest held by Century Best, Rosy Start and Equity Partner were transferred to the Target Company at par ("Acquisition").

On 1st August 2012, Oriental Credit was incorporated in Hong Kong with limited liability with an authorised capital of HK$10,000 divided into 10,000 shares of HK$1 each. Upon incorporation, 100 shares were allotted and issued to Key Victory at par.

On 8th November 2012, Shanghai WFOE was established in the PRC as a wholly-owned foreign enterprise held by Oriental Credit with a registered capital of RMB5,000,000. RMB811,400 was paid on 5th January 2013 and the remaining portion was paid on 29th September 2014.

On 3rd June 2010, Shanghai OPCO was established in the PRC with a registered capital of RMB10,000,000 which was fully paid in October 2010. By a special resolution passed on 19th June 2013, the registered capital of Shanghai OPCO was increased to RMB48,000,000 which was fully paid in August 2013.

Pursuant to the declaration of trusts entered into among the Controlling Shareholder and the registered equity owners of Shanghai OPCO , the Controlling Shareholder has held the entire 100% equity interest in Shanghai OPCO with effect from 5th December 2011.

Pursuant to an exclusive consultancy service agreement dated 30th September 2014 (the "**Exclusive Consulting Service Agreement**"), its supplemental agreement dated 20th November 2014 and its second supplemental agreement dated 22nd December 2014 entered into between Shanghai WFOE and Shanghai OPCO, Shanghai WFOE agreed to provide exclusive management consultancy services to Shanghai OPCO for managing the business of pawn broking and money lending in the PRC of Shanghai OPCO.

Pursuant to an authorisation agreement ("**Authorisation Agreement**") dated 30th September 2014 and its supplemental agreement dated 20th November 2014 entered into between the registered equity owners of Shanghai OPCO and Shanghai WFOE, the registered equity owners of Shanghai OPCO have unconditionally and irrevocably authorised and entrusted Shanghai WFOE or any party assigned by Shanghai WFOE to exercise, at the discretion of Shanghai WFOE, all the shareholder's right of Shanghai OPCO. The Authorization Agreement also provided Shanghai WFOE with the right to authorize, at any time, any of its directors and their respective successors (including the liquidation committee of Shanghai WFOE upon liquidation of the Shanghai WFOE), and the directors (and successors) of Shanghai OPCO as nominated by the Shanghai WFOE (including members of the liquidation committee of Shanghai OPCO nominated by the Shanghai WFOE upon liquidation of the Shanghai OPCO), to exercise all rights granted to Shanghai WFOE under the Authorization Agreement (as amended and supplemented), and such persons may only take instructions from the Shanghai WFOE without seeking any prior agreement with the Shanghai OPCO.

Pursuant to an equity pledge agreement dated 30th September 2014 and its supplemental agreement dated 20th November 2014 entered into between Shanghai WFOE and the registered equity owners of Shanghai OPCO, the registered equity owners of Shanghai OPCO agreed to pledge their respective equity interests in Shanghai OPCO to Shanghai WFOE as security for the payment obligations under the Exclusive Consulting Service Agreement.

Pursuant to an exclusive call option agreement dated 30th September 2014, its supplemental agreement dated 20th November 2014 and its second supplemental agreement date 22nd December 2014 entered into between Shanghai WFOE, the registered equity owners of Shanghai OPCO and Shanghai OPCO, the registered equity owners of Shanghai OPCO agreed to irrevocably undertake that insofar as permitted under applicable PRC laws and regulations, they shall transfer their respective shares in the Shanghai OPCO back to the Shanghai WFOE with nil consideration. In the event that consideration is required to be provided for such transfer under relevant PRC laws and regulations, such consideration shall be the minimum as permitted under applicable PRC laws and regulations, and that the full amount of consideration received by or paid to the registered shareholders of the Shanghai OPCO, shall be returned to the Shanghai WFOE.

Pursuant to the above agreements ("**VIE Contracts**"), the Target Company's sole director considers that Shanghai WFOE has control over Shanghai OPCO with effect from 30th September 2014.

The VIE Contracts are more fully explained in the paragraph headed "The VIE Contracts" under the section headed "Letter from the Board" to the Circular.

The companies now comprising the Target Group are under common control of the Controlling Shareholder. Pursuant to the Acquisition and the VIE Contracts, the Target Company became the holding company of the Target Group as the entire interests of the Target Group's subsidiaries were transferred to the Target Company on 30th September 2014.

As the Controlling Shareholder which controlled the Target Group before and after the Acquisition and the effectiveness of the VIE Contracts are the same, the Financial Information has been prepared as a reorganisation of businesses under common control in a manner similar to pooling of interest. The Financial Information presents the Target Group's combined results and financial position as if the current group structure had been in existence throughout the Relevant Periods and as if the business of Shanghai OPCO had been transfer to the Target Group at the beginning of the earliest period presented.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

During the Relevant Periods, the Target Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1st January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

The Target Group has not applied the new HKFRSs that have been issued but are not yet effective. The Target Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. Significant accounting policies

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the sole director to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 5 to the Financial Information.

The significant accounting policies applied in the preparation of the Financial Information are set out below.

(a) Consolidation

The consolidated financial statements include the Financial Information of the Target Company and its subsidiaries. Subsidiaries are entities over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Target Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Target Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Target Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Target Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Target Company.

In the Target Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Target Company on the basis of dividends received and receivable.

(b) Merger accounting for business combination under common control

Pursuant to the Acquisition as set out in note 2 to the Financial Information, the Target Company acquired Key Victory and its subsidiaries ("Key Victory Group") on 5th August 2014.

Key Victory Group is principally engaged in provision of consultancy service, pawn broking and money lending.

Pursuant to the VIE Contracts as set out in note 2 to the Financial Information, Shanghai WFOE obtained control over Shanghai OPCO with effect from 30th September 2014.

Shanghai OPCO is principally engaged in pawn broking and money lending.

As the Target Company and Key Victory Group were both controlled by the Controlling Shareholder before and after the Acquisition and the Shanghai WFOE and Shanghai OPCO were both controlled by the Controlling Shareholder before and after the effectiveness of the VIE Contracts, the business combination was accounted for as business combination of entities under common control. The Financial Information of the Target Group has been prepared based on the principles and procedures of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as if the Acquisition and the VIE Contracts had occurred from 5th December 2011 when the combining entities first came under the control of the Controlling Shareholder.

The combined financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The combined statements of profit or loss and other comprehensive income and combined statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The combined statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Target Group structure as at the date of the Acquisition and the VIE Contracts had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Target Group's accounting policies.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The financial information are presented in Hong Kong Dollars ("**HK$**"), which is the Target Company's presentation currency. The functional currency of the principal operating subsidiaries of the Target Group is Renminbi ("**RMB**"). The sole director considers that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Target Group entities that have a functional currency different from the Target Company's presentation currency are translated into the Target Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period/year in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Furniture and fixtures	$33^1/_3$%
Office equipment	$33^1/_3$%
Leasehold improvements	Over the lease-term

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Operating leases

The Target Group as lessee

Leases that do not substantially transfer to the Target Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Target Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(f) Repossessed assets

Repossessed assets are initially recognised at the amortised cost of the related outstanding loans on the date of repossession, which is generally below the net realisable value of the repossessed assets. Upon repossession of the assets, the related loans and advances together with the related impairment allowances, if any, are derecognised from the statements of financial position. Subsequently, repossessed assets are carried at the lower of the amount initially recognised or net realisable value and are therefore written down if and when the net realisable value falls to below the carrying amount of the asset. The difference between the net proceeds and the carrying amount of the repossessed assets is recognised as a gain/(loss) upon the disposal of the assets.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(h) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of loans and receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of loans and receivables. The amount of the allowance is the difference between the loans and receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the loans and receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loans and receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(i) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(ii) Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Group and the amount of revenue can be measured reliably.

Consultancy service income is recognised when the service is provided.

Interest income is recognised on a time-proportion basis using the effective interest method.

Leasing income is recognised on a straight line basis over the lease term.

(l) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Target Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Target Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Target Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs and involves the payment of termination benefits.

(m) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

(n) Related parties

A related party is a person or entity that is related to the Target Group.

(A) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(B) An entity is related to the Target Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(o) Impairment of assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets except repossessed assets and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(q) Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. Critical Judgements and Key Estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the sole director has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Subsidiary

As detailed in note 2, Shanghai OPCO is accounted for as a subsidiary as a consequence of the VIE Contracts. Significant judgement has been exercised by the management in accessing and concluding that Shanghai OPCO is a subsidiary of the Target Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Target Group determines the estimated useful lives, residual values and related depreciation charges for the Target Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Target Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Income taxes

The Target Group is subject to income tax in the PRC. Significant estimate is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment loss for loans and receivables

Impairment losses on loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

6. Financial Risk Management

The Target Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Foreign currency risk

The Target Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Target Group entities.

(b) Credit risk

The carrying amounts of the pawn loan receivables, interest and trade receivables, other receivables and bank and cash balances included in the combined statements of financial position represents the Target Group's maximum exposure to credit risk in relation to the Target Group's financial assets.

The Target Group's credit risk is primary attributable to pawn loan receivables.

The Target Group has no significant concentration of credit risk, with exposure spread over a number of customers.

The Target Group's policy required all pawn loan applications subject to management review. The Target Group reviews the receivable balances on a ongoing basis and the Target Group's exposure to bad debts is not significant. The Target Group holds collaterals directly to cover its risks associated with pawn loan receivables. The Target Group will take possession of the collateral if the customer has not redeemed the collateral or renewed the pawn loan by the end of the loan period. Repossessed assets are accounted for in accordance with the accounting policy as set out in note 4(f). The Target Group will proceed to dispose the collateral within a reasonable time after possession.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

(c) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Target Group's financial liabilities is as follows:

	Less than 1 year
	HK$
At 31st December 2011	
Accruals and other payables	305,735
At 31st December 2012	
Accruals and other payables	8,027,601
Due to a director	10,000
At 31st December 2013	
Accruals and other payables	14,793,488
Due to a director	1,416,796
At 30th June 2014	
Accruals and other payables	7,396,437
Due to a director	1,615,577

(d) Interest rate risk

As the Target Group has no significant interest-bearing assets and liabilities, the Target Group's operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments

	At 31st December			**At 30th June**
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets:				
Loans and receivables (including cash and cash equivalents)	10,748,429	14,740,610	71,504,258	67,569,836
Financial liabilities:				
Financial liabilities at amortised cost	305,735	8,037,601	16,210,284	9,012,014

(f) Fair values

The carrying amounts of the Target Group's financial assets and financial liabilities as reflected in the combined statements of financial position approximate their respective fair values.

7. Turnover

The Target Group's turnover comprises of interest income from pawn loans, consultancy service income and loss on disposals of repossessed assets.

	Period from 05.12.2011 to 31.12.2011	Year ended 31.12.2012	Year ended 31.12.2013	Six months ended 30.06.2013	Six months ended 30.06.2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Pawn loans interest	171,178	2,196,780	7,501,362	1,416,399	10,247,618
Consultancy service income	–	1,715,420	966,227	745,140	408,930
Loss on disposals of repossessed assets	–	–	–	–	(7,421)
	171,178	3,912,200	8,467,589	2,161,539	10,649,127

8. Other Revenue

	Period from 05.12.2011 to 31.12.2011	Year ended 31.12.2012	Year ended 31.12.2013	Six months ended 30.06.2013	Six months ended 30.06.2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Bank interest income	11,810	5,884	6,023	384	11,667
Leasing income	–	1,960,480	1,997,920	1,490,280	–
	11,810	1,966,364	2,003,943	1,490,664	11,667

9. Income Tax Expense

	Period from 05.12.2011 to 31.12.2011	Year ended 31.12.2012	Year ended 31.12.2013	Six months ended 30.06.2013	Six months ended 30.06.2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Current tax					
– PRC enterprise income tax					
Provision for the period/year	–	18,530	187,500	179,184	1,119,187
Under-provision in prior year	–	–	–	–	5,819
	–	18,530	187,500	179,184	1,125,006

The Target Company's PRC subsidiaries are subject to PRC enterprise income tax rate at 25%.

No provision for Hong Kong Profits Tax is required since the subsidiary located in Hong Kong has no assessable profits during the Relevant Periods.

The reconciliation between the income tax expense and products of (loss)/profit before tax multiplied by the PRC enterprise income tax rate is as follows:

	Period from 05.12.2011 to 31.12.2011	Year ended 31.12.2012	Year ended 31.12.2013	Six months ended 30.06.2013	Six months ended 30.06.2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
(Loss)/profit before tax	(82,800)	(1,407,786)	(804,451)	190,585	4,568,674
Tax at the PRC enterprise income tax rate of 25%	(20,700)	(351,947)	(201,113)	47,647	1,142,169
Tax effect of expenses that are not deductible	18,997	71,647	453,625	20,696	113,776
Tax effect of unused tax losses not recognised	–	–	128,989	25,216	125,331
Tax effect of temporary differences not recognised	1,703	298,798	(188,486)	85,493	(262,191)
Tax effect of different tax rates of subsidiaries	–	32	234	132	102
Under-provision in current year	–	–	(5,749)	–	–
Under-provision in prior year	–	–	–	–	5,819
Income tax expense	–	18,530	187,500	179,184	1,125,006

10. (Loss)/Profit for the Period/Year

The Target Group's (loss)/profit for the Relevant Periods is stated after charging the followings:

	Period from 05.12.2011 to 31.12.2011	Year ended 31.12.2012	Year ended 31.12.2013	Six months ended 30.06.2013	Six months ended 30.06.2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Auditor's remuneration	45,000	90,000	157,500	78,750	207,500
Depreciation	4,823	302,423	511,925	253,900	220,904
Directors' emoluments					
– As director	–	–	–	–	–
– For management	–	–	449,532	223,542	227,502
	–	–	449,532	223,542	227,502
Operating lease charge in respect of land and building	80,909	4,235,676	4,130,000	1,420,386	2,018,474
Staff costs including directors' emoluments					
Salaries, bonus and allowances	25,078	1,353,573	3,591,577	1,044,507	1,997,431
Retirement benefits scheme contributions	2,533	113,598	252,623	56,254	120,291
	27,611	1,467,171	3,844,200	1,100,761	2,117,722

11. Retirement Benefit Schemes

The employees of the Target Group's companies established in the PRC are members of a central pension scheme operated by the local municipal government. These companies are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

12. Directors' Emoluments

The emoluments of the directors were as follows:

Name of directors	Fees	Salaries and allowances	Retirement benefit scheme contributions	Total
	HK$	*HK$*	*HK$*	*HK$*
Mr. Joseph Shie Jay LANG *(note (i))*	–	–	–	–
Total for the period from 5th December 2011 to 31st December 2011	–	–	–	–
Mr. Joseph Shie Jay LANG	–	–	–	–
Ms. Wendy Li WANG *(note (ii))*	–	–	–	–
Total for the year ended 31st December 2012	–	–	–	–
Mr. Joseph Shie Jay LANG	–	449,532	–	449,532
Ms. Wendy Li WANG	–	–	–	–
Total for the year ended 31st December 2013	–	449,532	–	449,532
Mr. Joseph Shie Jay LANG	–	223,542	–	223,542
Ms. Wendy Li WANG	–	–	–	–
Total for the six months ended 30th June 2013 (unaudited)	–	223,542	–	223,542
Mr. Joseph Shie Jay LANG	–	227,502	–	227,502
Ms. Wendy Li WANG	–	–	–	–
Total for the six months ended 30th June 2014	–	227,502	–	227,502

Notes: (i) Appointed on 28th June 2012. In the opinion of the directors of the Target Company, Mr. Joseph Shie Jay LANG was the director of the Target Company with effect from 5th December 2011.

(ii) Appointed on 28th June 2012 and resigned on 11th September 2014.

13. Property, Plant and Equipment

	Furniture and fixtures	Office equipment	Leasehold improvements	Total
	HK$	*HK$*	*HK$*	*HK$*
Cost				
At 5th December 2011	123,321	50,444	–	173,765
Exchange differences	(182)	(74)	–	(256)
At 31st December 2011 and 1st January 2012	123,139	50,370	–	173,509
Additions	123,780	85,477	1,653,051	1,862,308
Exchange differences	1,039	521	38,971	40,531
At 31st December 2012 and 1st January 2013	247,958	136,368	1,692,022	2,076,348
Additions	48,155	–	–	48,155
Exchange differences	9,112	4,440	55,083	68,635
At 31st December 2013 and 1st January 2014	305,225	140,808	1,747,105	2,193,138
Exchange differences	(2,310)	(1,066)	(13,219)	(16,595)
At 30th June 2014	302,915	139,742	1,733,886	2,176,543
Accumulated depreciation				
At 5th December 2011	54,809	22,420	–	77,229
Charge for the period	3,423	1,400	–	4,823
Exchange differences	(83)	(34)	–	(117)
At 31st December 2011 and 1st January 2012	58,149	23,786	–	81,935
Charge for the year	56,740	30,931	214,752	302,423
Exchange differences	485	220	596	1,301
At 31st December 2012 and 1st January 2013	115,374	54,937	215,348	385,659
Charge for the year	88,886	47,861	375,178	511,925
Exchange differences	5,180	2,555	13,020	20,755
At 31st December 2013 and 1st January 2014	209,440	105,353	603,546	918,339
Charge for the period	25,259	5,773	189,872	220,904
Exchange differences	(1,681)	(819)	(5,288)	(7,788)
At 30th June 2014	233,018	110,307	788,130	1,131,455
Carrying amount				
At 30th June 2014	69,897	29,435	945,756	1,045,088
At 31st December 2013	95,785	35,455	1,143,559	1,274,799
At 31st December 2012	132,584	81,431	1,476,674	1,690,689
At 31st December 2011	64,990	26,584	–	91,574

14. Repossessed Assets

	At 31st December			At 30th June
	2011	2012	2013	2014
	HK$	*HK$*	*HK$*	*HK$*
Pawn collaterals	75,752	159,827	61,212	43,449

15. Pawn Loan Receivables

The ageing analysis of the Target Group's pawn loan receivables is as follows:

	At 31st December			At 30th June
	2011	2012	2013	2014
	HK$	*HK$*	*HK$*	*HK$*
Neither past due nor impaired	8,552,600	8,804,004	54,713,677	64,188,918
Less than 1 month past due	–	9,965	1,789	–
1 to 3 months past due	–	5,984	51,700	–
3 to 12 months past due	–	–	137,577	–
Over 1 year past due	–	–	13,410	–
	8,552,600	8,819,953	54,918,153	64,188,918

The carrying amounts of the Target Group's pawn loan receivables are denominated in RMB.

16. Interest and Trade Receivables

	At 31st December			At 30th June
	2011	2012	2013	2014
	HK$	*HK$*	*HK$*	*HK$*
Interest receivables	–	–	6,401,799	1,640,998
Trade receivables	–	–	380,610	–
	–	–	6,782,409	1,640,998

All of the interest and trade receivables were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of the Target Group's interest and trade receivables is as follows:

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Neither past due nor impaired	–	–	–	–
Less than 1 month due	–	–	1,157,054	901,276
1 to 3 months past due	–	–	2,905,303	739,722
3 to 12 months past due	–	–	2,720,052	–
	–	–	6,782,409	1,640,998

The carrying amounts of the Target Group's interest and trade receivables are denominated in RMB.

17. Due from Shareholders

The amounts due from shareholders are unsecured, interest-free and have no fixed repayment terms.

18. Bank and Cash Balances

The Target Group's bank and cash balances are denominated in the following currencies:

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
RMB	2,195,492	35,553	1,315,967	1,705,215
HK$	–	9,620	6,877	5,677
	2,195,492	45,173	1,322,844	1,710,892

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

19. Due to a Director

The amount due to a director is unsecured, interest-free and repayable on demand.

20. Deferred Tax

As at 31st December 2011, 2012 and 2013, 30th June 2013 and 2014, the Target Group has unused tax loss of HK$Nil, HK$Nil, HK$524,217, HK$101,924 (unaudited) and HK$1,019,668 respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses of approximately HK$Nil, HK$Nil, HK$524,217, HK$101,924 (unaudited) and HK$1,019,668 as at 31st December 2011, 2012 and 2013, 30th June 2013 and 2014 respectively will expire as follows:

	Period from 05.12.2011 to 31.12.2011	Year ended 31.12.2012	Year ended 31.12.2013	Six months ended 30.06.2013	Six months ended 30.06.2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Year 2015	–	–	–	–	–
Year 2016	–	–	–	–	–
Year 2017	–	–	–	–	–
Year 2018	–	–	524,217	101,924	520,250
Year 2019	–	–	–	–	499,418
	–	–	524,217	101,924	1,019,668

21. Share Capital

The Target Group

The share capital in the combined statements of financial position at the end of each Relevant Periods represented the combined capital of the companies now comprising the Target Group.

The Target Company

	At 31st December		At 30th June
	2012	**2013**	**2014**
	HK$	*HK$*	*HK$*
Authorised:			
50,000 ordinary share of US$1 each	390,000	390,000	390,000
Issued and fully paid:			
100 ordinary share of US$1 each	780	780	780

On 28th June 2012, the Target Company was incorporated in the Cayman Islands with an authorised share capital of US$50,000 divided into 50,000 shares. Upon incorporation, 100 shares were allotted and issued at par to the shareholders disclosed in note 2.

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, if any, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies and processes during the Relevant Periods.

The Target Group monitors capital using a gearing ratio, which is the Target Group's total debt (comprising amount due to a director) over its total equity. The Target Group's policy is to keep the gearing ratio at a reasonable level. The Target Group's gearing ratio as at 31st December 2013 and 30th June 2014 was 29% and 16% respectively.

The Target Group is not subject to any externally imposed capital requirements.

22. Reserves

(a) Target Group

The amounts of the Target Group's reserves and movements therein are presented in the combined statements of changes in equity.

(b) Nature and purpose of reserves

(i) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Target Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial information of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c)(iii) to the Financial Information.

(iii) Merger reserve

Merger reserve represents the accumulated losses of Shanghai OPCO incurred at the date when the Target Group obtained the control of Shanghai OPCO and the difference between the nominal amount of the share capital issued by the Target Company in exchange for the nominal amount of the share capital of its subsidiaries at the date when those subsidiaries because members of the Target Group.

23. Note to the Combined Statements of Cash Flows

Major non-cash transaction

During the year ended 31st December 2012, the issuance of share capital of Key Victory and Oriental Credit amounting to HK$1,560 were not yet settled and the amounts were included in amounts due from shareholders.

24. Contingent Liabilities

At the end of each Relevant Periods, the Target Group did not have any significant contingent liabilities.

25. Lease Commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Within one year	4,020,491	3,850,439	4,115,346	3,945,705
In the second to fifth years inclusive	13,943,605	9,822,862	8,391,836	4,382,633
	17,964,096	13,673,301	12,507,182	8,328,338

Operating lease payments represent rentals payable by the Target Group for its offices. Leases are negotiated for terms of 3 to 5 years and rentals are fixed over the lease terms and do not include contingent rentals.

26. Events after the Reporting Period

On 1st July 2014, Shanghai OPCO entered into debt assets transfer agreements ("Transfer Agreements") with a third party for financing purpose. Pursuant to the Transfer Agreements, Shanghai OPCO transfers certain loan receivables with the corresponding ownership of the collaterals to the third party with handling charge of 14% per annum charged by the third party. Shanghai OPCO incurred handling charge of RMB1,536,068 for the period from 1st July 2014 to 31st October 2014 and as at 31st October 2014, Shanghai OPCO had related current liabilities of RMB58,250,000.

上海快鹿投資(集團)有限公司 ("Shanghai Kuailu") which holds 83.13% of equity interests in the Shanghai OPCO provided an entrustment loan in the sum of RMB 35,000,000 to Shanghai OPCO under an entrustment loan agreement dated 24th September 2014 entered into between Shanghai Kuailu, the Shanghai branch of Huaxia Bank and Shanghai OPCO. The loan is interest bearing at 9% per annum, guaranteed by Shanghai Kuailu and will be repayable within 1 year.

27. Subsequent Financial Statements

No audited financial statements have been prepared by the Target Company or any of its subsidiaries in respect of any period subsequent to 30th June 2014.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

(2) MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP FOR EACH OF THE PERIOD/YEARS ENDED 31ST DECEMBER 2011, 2012 AND 2013 AND THE SIX MONTHS ENDED 30TH JUNE 2014

Set out below is the management discussion and analysis of the operating results and business review of the Target Group for the period from 5th December 2011 (the date from which Mr. Lang has held the entire equity interest in the Shanghai OPCO with effect, pursuant to the declaration of trusts entered into among Mr. Lang and the registered equity owners of the Shanghai OPCO) to 30th June 2014.

Business review

The Target Company is an investment holding company which indirectly owns the entire equity interest in the Shanghai WFOE. The Shanghai WFOE in turn has effective control over the financing and business operations of the Shanghai OPCO and the entire economic interest and benefits of the Shanghai OPCO through the VIE Contracts and the results of the Shanghai OPCO is capable of being consolidated into the financial statements of the Target Company. For details of the VIE Contracts, please refer to the section headed "Information of the Target Group – The VIE Contracts" in the Letter from the Board in this circular.

The Target Group's principal business is mainly conducted through the Shanghai OPCO, which is primarily engaged in pawnshop business in the PRC and can generally be classified into five segments according to the types of collaterals of its loan portfolio:

(i) civilian goods: such as jewelleries, antiques, watches;

(ii) equity: equity interests of unlisted companies;

(iii) real estate: typically residential real estate and commercial real estate and factories;

(iv) vehicles: vehicles with licenses in Shanghai; and

(v) notes.

As at 30th June 2014, the Shanghai OPCO had a registered capital of RMB48 million, and operated a pawnshop in Shanghai. The Shanghai OPCO has obtained the Pawnshop Operation License (典當經營許可證) from the SMCC.

The Target Group grants secured pawn loans to individuals and small and medium enterprises, and charges loan interests and administrative fees on the pawn loans granted. The pawn loans are generally granted with an initial term of one month to six months, subject to renewal. The monthly loan interests the Target Group charges on loans granted are generally set with reference to the prevailing 6-month PBOC Benchmark Interest Rate. The administrative fees are individually negotiated and typically calculated as a percentage of the principal amount of the loans.

The Shanghai OPCO has implemented an evaluation and risk management system to appraise the pledge value of collaterals associated with the pawn loans granted and to reduce risks involved in its pawnshop operations. A client must file an application form for pawn loan, whereupon the Shanghai OPCO would conduct its pre-loan due diligence and/or appraise the value of the collateral. For civilian goods, the Shanghai OPCO would typically have its own internal valuer and, where appropriate, may engage external expert to appraise the collateral value. For equity interest, the Shanghai OPCO would conduct due diligence on the client company in respect of its operations, finance and management and require credit guarantees provided by financing guarantee companies as collaterals in addition to the relevant equity interest. For real estate, the Shanghai OPCO would conduct preliminary online appraisal on the pledged property with reference to the real estate property located in nearby area with similar size, and conduct site visit to further observe its decoration. Then the Shanghai OPCO would go to the Real Estate Exchange Center in Shanghai (上海市房屋交易所) to get the official filings. For vehicles, the Shanghai OPCO would make reference to the repurchase price of the collaterals by calling the secondhand vehicle market to ask for a bid after describing the vehicle's basic information including the brand, model, insurance details and maintenance status. Then the Shanghai OPCO would go to the Department of Motor Vehicles in Shanghai (上海市車管所) to register for pledge. After the pawn loan is approved and granted, the Shanghai OPCO will continue to monitor the market value of collaterals periodically. On or before the maturity of a loan, a client may either pay back the principal whereupon the Shanghai OPCO would release the collateral or, if circumstances arise, the customer may apply for a loan renewal (which the Target Group would typically review the credit history of the client and the value of the collaterals to decide whether to grant such loan extension). If the client neither pays back nor renews for the pawn loan, a default will happen. In such circumstance, the Shanghai OPCO has the right to forfeit and sell the collateral by means of auction or otherwise.

The financial statements of the Target Group as set out below are extracted from the Accountants' Report of the Target Group contained in Appendix II to this circular and covered the period from 5th December 2011 to 31st December 2011, the years ended 31st December 2012 and 2013, and the six months ended 30th June 2013 and 2014. The Track Record Period commenced on 5th December 2011, when Mr. Joseph Shie Jay, Lang entered into the declaration of trusts with the then registered shareholders of the Shanghai OPCO. According to the Company's PRC legal adviser, the captioned date is deemed as the date Mr. Lang beneficially owns the equity interest of the Shanghai OPCO. The financial statements of the Target Group are prepared on a combined basis, further details of the basis of preparation of which are set out in note 2 to the Accountants' Report.

Combined statements of profit and loss and other comprehensive income

	Period from 5th December 2011 to 31st December 2011	Year ended 31st December 2012	Year ended 31st December 2013	Six months ended 30th June 2013	Six months ended 30th June 2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Turnover	**171,178**	**3,912,200**	**8,467,589**	**2,161,539**	**10,649,127**
Other revenue	11,810	1,966,364	2,003,943	1,490,664	11,667
Operating income	**182,988**	**5,878,564**	**10,471,532**	**3,652,203**	**10,660,794**
Operating expenses	(265,788)	(7,286,350)	(11,275,983)	(3,461,618)	(6,092,120)
(Loss)/profit before tax	**(82,800)**	**(1,407,786)**	**(804,451)**	**190,585**	**4,568,674**
Income tax expense	–	(18,530)	(187,500)	(179,184)	(1,125,006)
(Loss)/profit for the period/year attributable to owners of the Target Company	**(82,800)**	**(1,426,316)**	**(991,951)**	**11,401**	**3,443,668**
Other comprehensive income, net of tax					
Item that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	(16,455)	59,520	704,852	231,417	(460,046)
Total comprehensive income for the period/year attributable to owners of the Target Company	**(99,255)**	**(1,366,796)**	**(287,099)**	**242,818**	**2,983,622**

Turnover

The Target Group's turnover comprises interest income from pawn loans, consultancy service income and loss on disposals of repossessed assets.

	Period from 5th December 2011 to 31st December 2011	Year ended 31st December 2012	Year ended 31st December 2013	Six months ended 30th June 2013	Six months ended 30th June 2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Pawn loans interest	171,178	2,196,780	7,501,362	1,416,399	10,247,618
Consultancy service income	–	1,715,420	966,227	745,140	408,930
Loss on disposals of repossessed assets	–	–	–	–	(7,421)
Total	**171,178**	**3,912,200**	**8,467,589**	**2,161,539**	**10,649,127**

Pawn loans interest is the interest and administrative fee on the pawn loans granted by the Target Group. Consultancy service income is the income from providing consultancy services to clients who are interested in borrowing pawn loans. Loss on disposals of repossessed assets is the difference between the sale value and loan value of collaterals repossessed in case of default.

Other revenue

The Target Group's other revenue comprises bank interest income and leasing income.

	Period from 5th December 2011 to 31st December 2011	Year ended 31st December 2012	Year ended 31st December 2013	Six months ended 30th June 2013	Six months ended 30th June 2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Bank interest income	11,810	5,884	6,023	384	11,667
Leasing income	–	1,960,480	1,997,920	1,490,280	–
Total	**11,810**	**1,966,364**	**2,003,943**	**1,490,664**	**11,667**

Bank interest income is the interest income on the Target Group's bank deposits. Leasing income is the income from leasing the LED screen outside the Target Group's office for advertising purpose and sub-leasing the Target Group's office.

Operating expenses

The Target Group's operating expenses mainly comprise operating lease charge, staff costs, auditor's remuneration and depreciation.

	Period from 5th December 2011 to 31st December 2011	Year ended 31st December 2012	Year ended 31st December 2013	Six months ended 30th June 2013	Six months ended 30th June 2014
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Staff costs including directors' emoluments	27,611	1,467,171	3,844,200	1,100,761	2,117,722
Operating lease charge in respect of land and building	80,909	4,235,676	4,130,000	1,420,386	2,018,474
Auditor's remuneration	45,000	90,000	157,500	78,750	207,500
Depreciation	4,823	302,423	511,925	253,900	220,904
Others	107,445	1,191,080	2,632,358	607,821	1,527,520
Operating expenses	**265,788**	**7,286,350**	**11,275,983**	**3,461,618**	**6,092,120**

Operating lease charge in respect of land and building is the leasing expenses for the Target Group's office use. Staff costs include salaries, bonus, allowances and retirement benefits scheme contributions of staff as well as directors' emoluments. Auditor's remuneration is the remuneration for the Target Group's auditors. Depreciation is mainly related to the leasehold improvements of the Target Group's office. Others mainly include entertainment fee and legal advice fees, etc.

The Target Group had not made any provision for loan impairments during the Track Record Period. The Target Group had some overdue loans, which were recognized when the loans became outstanding for 5 days according to the Target Group's policy. For overdue loans, the responsible staff will closely follow up with the clients, and in most cases, the clients will pay back the outstanding loans and interests in full within a period as negotiated and accepted by the Shanghai OPCO. If any of the overdue loans are determined to be not collectible, the Target Group will forfeit and sell the collateral by means of auction or otherwise. During the Track Record Period, the sale value of the collateral was able to cover the loan amount and interests.

Income tax expense

The Target Group's income tax is subject to PRC enterprise income tax rate at 25%. Despite that the Target Group recorded loss before tax in 2012 and 2013, it was subject to income tax as some of the operating expenses were not deductible for tax reporting purposes.

Exchange differences on translating foreign operations

Exchange differences on translating foreign operations is resulted from translating foreign operations which are denominated in Renminbi, while the accountants' report are prepared in the currency of Hong Kong dollars.

Results of operations

For the period from 5th December 2011 to 31st December 2011

For the period from 5th December 2011 to 31st December 2011, the Target Group recorded turnover of HK$171,178. The low level of turnover was due to the fact that only financial results for less than one month were included and the Target Group was at an early stage of business development.

The Target Group mainly incurred operating lease charge for its office as well as auditor's remuneration during the period, which were fixed cost in nature. As a result of the foregoing, the Target Group recorded loss before tax and loss for the period of HK$82,800.

For the year ended 31st December 2012

For the year ended 31st December 2012, the Target Group recorded turnover of HK$3.9 million, representing an increase of approximately 2,185% as compared to the period from 5th December 2011 to 31st December 2011. The increase in turnover was mainly due to the fact that full year results were recorded in 2012 as compared to less than one month results in 2011. During the year, the Shanghai OPCO relocated its office and therefore incurred a substantial increase in operating lease charge. Together with increasing staff cost as a result of continuous business development, the Target Group recorded loss before tax of HK$1.4 million for the year ended 31st December 2012. As some of the temporary differences were not deductible in the current year for tax reporting purposes, the Target Group incurred income tax expenses of HK$18,530 and recorded loss for the year of HK$1.4 million for the year ended 31st December 2012.

For the year ended 31st December 2013

For the year ended 31st December 2013, the Target Group recorded turnover of HK$8.5 million, representing an increase of approximately 116% as compared to the year ended 31st December 2012. The increase in turnover was mainly due to a substantial growth in the amount of pawn loans granted during the year. Please refer to the paragraph headed "Combined statements of financial position – pawn loan receivables" below for details. During the year, in order to support its business development, the Shanghai OPCO has employed additional staff and conducted more marketing activities. Therefore, a substantial increase in staff salary and commission as well as entertainment fee was incurred during the year. Despite the increase in turnover, the Target Group still recorded loss for the year of HK$1.0 million during the year ended 31st December 2013 as the expansion of loan portfolio mainly took place in the second half of the year after the increase in the registered capital of the Shanghai OPCO in August 2013.

For the six months ended 30th June 2014

For the six months ended 30th June 2014, the Target Group recorded turnover of HK$10.6 million, representing an increase of approximately 393% as compared to turnover of HK$2.2 million for the same period in 2013. The increase was mainly attributable to the rapid expansion of the Target Group's loan portfolio from the second half of 2013 and the continued efforts on business development taking advantage of the improved funding position in the second half of 2013. Please refer to the paragraph headed "Combined statements of financial position – pawn loan receivables" below for details of the reasons for loan portfolio expansion and improved funding position. Other revenue decreased compared to the same period in 2013 because the Target Group ceased leasing the LED screen outside its office to third parties and used it for own advertising purpose and ceased sub-leasing the office. Operating expenses increased due to the increase in salaries and commissions resulted from business expansion. As a result of the foregoing, the Target

Group recorded profit for the period ended 30th June 2014 of HK$3.4 million, representing an increase of approximately 302 times as compared to the profit for the same period in 2013.

Combined statements of financial position

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Non-current assets				
Property, plant and equipment	**91,574**	**1,690,689**	**1,274,799**	**1,045,088**
Current assets				
Repossessed assets	75,752	159,827	61,212	43,449
Pawn loan receivables	8,552,600	8,819,953	54,918,153	64,188,918
Interest and trade receivables	–	–	6,782,409	1,640,998
Prepayments, deposits and other receivables	485,712	7,058,857	9,624,928	1,228,650
Due from shareholders	–	1,560	1,560	1,560
Bank and cash balances	2,195,492	45,173	1,322,844	1,710,892
	11,309,556	**16,085,370**	**72,711,106**	**68,814,467**
Current liabilities				
Accruals and other payables	305,735	8,027,601	15,174,098	7,454,105
Due to a director	–	10,000	1,416,796	1,615,577
Current tax liabilities	4,253	12,552	106,604	517,844
	309,988	**8,050,153**	**16,697,498**	**9,587,526**
Net current assets	**10,999,568**	**8,035,217**	**56,013,608**	**59,226,941**
Total assets less current liabilities	**11,091,142**	**9,725,906**	**57,288,407**	**60,272,029**
NET ASSETS	**11,091,142**	**9,725,906**	**57,288,407**	**60,272,029**
Capital and reserves				
Share capital	11,347,000	11,348,560	59,198,160	59,198,160
Reserves	(255,858)	(1,622,654)	(1,909,753)	1,073,869
TOTAL EQUITY	**11,091,142**	**9,725,906**	**57,288,407**	**60,272,029**

Pawn loan receivables

Pawn loan receivables are receivables relating to the pawn loans granted.

The following table sets forth a breakdown of loan receivables by collateral types as of 31st December 2011, 2012 and 2013 and 30th June 2014:

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Civilian goods	–	219,053	364,053	36,551,673
Equity	8,552,600	8,600,900	48,210,600	25,182,000
Real estate	–	–	–	2,203,425
Vehicles	–	–	–	251,820
Notes	–	–	6,343,500	–
Total	**8,552,600**	**8,819,953**	**54,918,153**	**64,188,918**

Pawn loan receivables slightly increased from HK$8.6 million as at 31st December 2011 to HK$8.8 million as at 31st December 2012, and substantially increased to HK$54.9 million as at 31st December 2013 and HK$64.2 million as at 30th June 2014. The substantial increase in loan receivables in 2013 was due to the increase in registered capital of the Shanghai OPCO from RMB10 million to RMB48 million in August 2013. With the increased registered capital, the Shanghai OPCO was able to expand its loan portfolio as the amount of loan granted by the Shanghai OPCO is restricted by its registered capital in accordance with applicable PRC laws and regulations.

The following table sets forth a breakdown by collateral types of (i) aggregate amount of loans granted; and (ii) overdue loan amount during the Track Record Period:

	Period from 5th December 2011 to 31st December 2011	Year ended 31st December 2012	Year ended 31st December 2013	Six months ended 30th June 2014
	2011	2012	2013	2014
	HK$	*HK$*	*HK$*	*HK$*
Aggregate amount of loans granted				
Civilian goods	–	511,360	1,151,941	41,438,870
Equity	8,552,600	8,600,900	60,527,140	25,182,000
Real estate	–	–	–	4,595,715
Vehicles	–	–	–	251,820
Notes	–	–	6,343,500	–
Total	**8,552,600**	**9,112,260**	**68,022,581**	**71,468,405**
Overdue loan amount *(Note)*				
Civilian goods	–	–	177,618	74,287
Equity	8,552,600	–	60,527,140	–
Real estate	–	–	–	–
Vehicles	–	–	–	–
Notes	–	–	–	–
Total	**8,552,600**	**–**	**60,704,758**	**74,287**

Note: over 90% of these overdue loans were received within 30 days.

Pawn loans secured by equity interest accounted for 100%, 94% and 89% of the aggregate amount of loans granted during the period from 5th December 2011 to 31st December 2011, year ended 31st December 2012 and year ended 31st December 2013, respectively, being the largest pawn loan segment during the periods. In the first half of 2014, pawn loans secured by civilian goods became the largest segment and accounted for 58% of the aggregate amount of loans granted during the period. The change in the composition of loan mix is in line with the Target Group's business strategy. Taking into account that (i) loans secured by civilian goods have larger customer base and therefore better alleviate concentration risks; (ii) the individual loan amount of loan secured by civilian goods is usually smaller than loan secured by equity interest which also facilitate alleviation of concentration risks; and (iii) loans secured by civilian goods have higher interest rates in general, it is the strategy of the Target Group to develop its civilian goods business to better manage its risks and increase profitability. With the increasing reputation of the Target Group, there are an increasing number of collectors of valuable goods who apply for pawn loans from the Target Group by pledging precious stones, jade, mahogany furniture, diamond, watches and etc.

Overdue loans amounted to HK$8.6 million during the period from 5th December 2011 to 31st December 2011, nil during the year ended 31st December 2012, HK$60.7 million during the year ended 31st December 2013, and HK$74,287 during the first half of 2014. Loans were deemed as overdue when they became outstanding for 5 days according to the Target Group's policy. For overdue loans, the responsible staff will closely follow up with the clients, and in most cases, the clients will fully pay back the outstanding loans and interests in full within a period as negotiated and accepted by the Shanghai OPCO. If any of the overdue loans are determined to be not collectible, the Target Group will forfeit and sell the collateral by means of auction or otherwise. During the Track Record Period, the sale value of the collateral was able to cover the defaulted loan amount and interests.

Interest and trade receivables

Interest receivables are pawn loan interest receivable. Trade receivables are consultancy fees receivable.

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Interest receivables	–	–	6,401,799	1,640,998
Trade receivables	–	–	380,610	–
	–	**–**	**6,782,409**	**1,640,998**

There were no interest and trade receivables as at 31st December 2011 and 2012 since the clients settled the receivables before the year end.

Prepayments, deposits and other receivables

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Prepayments	94,516	179,697	108,156	171,552
Deposits	390,859	6,556,503	2,642,828	1,039,252
Other receivables	337	322,657	6,873,944	17,846
	485,712	**7,058,857**	**9,624,928**	**1,228,650**

Prepayments mainly comprise prepaid rental and prepaid expenses including housing agency expenses and broad band internet expenses.

Deposits mainly comprise utilities, rental and sundry deposits and guarantee deposits. As the Target Group has repossessed civilian goods for sale at its office for those pawn loans which are defaulted, the Target Group also displays certain valuable goods owned by an independent third party for sale at its office. During the Track Record Period, the Target Group provided such service to the independent third party free of charge mainly because (i) the independent third party helps the Target Group to sell some of its repossessed civilian goods free of charge; and (ii) the valuable goods displayed at the Target Group's office serve as general marketing purposes for walk-in customers. The Target Group has paid guarantee deposits to the independent third party for the valuable goods being displayed at the Target Group's office. The substantial decrease in deposits from HK$6.5 million as at 31st December 2012 to HK$2.6 million as at 31st December 2013 was due to the decrease in guarantee deposits requested by the independent third party in view of the established business relationship and the upgrade of the security system of the Target Group's office in 2013.

Other receivables mainly include cash advances to staff and lease income receivables for the leasing of LED screen outside the Target Group's office. There was a substantial increase in other receivables balance as at 31st December 2013 as the balance included short-term borrowings of HK$6.0 million. By the end of 2013, one of the client who had long-term relationship with the Target Group requested for an extension of the repayment deadline of outstanding loan and interests and a termination of the interest accrual. In view of the long term relationship, the management of the Shanghai OPCO approved the request and the relevant outstanding loan and interest balance was transferred from loan receivables to other receivables. The entire outstanding loan and interest balance was repaid in January 2014. As a result, there was a substantial increase in other receivables balance as at 31st December 2013.

Accruals and other payables

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Accruals	105,079	1,630,474	3,790,621	3,409,812
Other payables	200,656	6,397,127	11,002,867	3,986,624
Pawn interest received in advance	–	–	380,610	57,669
	305,735	8,027,601	15,174,098	7,454,105

Accruals mainly comprise accrued salaries, accrued commission, accrued general expenses, accrued rental, and accrued audit and legal and professional fee. The increase in accruals as at 31st December 2013 and 30th June 2014 was mainly due to increased accrued salaries and commission as a result of business expansion benefiting from the increase in registered capital of the Shanghai OPCO since the second half of 2013.

Other payables mainly comprise business orientation fees and other tax payables. For new clients who apply for relatively large amount of loans which the Shanghai OPCO needs to invest more resources in due diligence, the Shanghai OPCO may charge the clients business orientation fees in advance. In case the Shanghai OPCO decides not to grant the loans to the clients, the relevant business orientation fees will be fully refunded to the clients. The substantial increase in other payables as at 31st December 2013 was mainly due to the increase in business orientation fees as a result of business expansion and increasing number of new clients from the second half of 2013. The Target Group had less business orientation fees charged during the first half of 2014, which resulted in the decrease in the balance of other payables as at 30th June 2014.

Liquidity and financial resources and capital structure

During the Track Record Period, the Target Group mainly financed its operations and capital expenditures with the paid-up registered capital and the internally generated funds. During the Track Record Period, the Target Group employed its funds for its core activities and did not carry out any treasury activities.

Set out below is a summary of the audited financial information relating to the assets and liabilities of the Target Group extracted from the accountants' report on the Target Group as at 31st December 2011, 2012, 2013 and 30th June 2014, respectively:

	At 31st December			At 30th June
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Total assets	11,401,130	17,776,059	73,985,905	69,859,555
Bank and cash balances	2,195,492	45,173	1,322,844	1,710,892
Total liabilities	309,988	8,050,153	16,697,498	9,587,526
Net assets	11,091,142	9,725,906	57,288,407	60,272,029
Current ratio (1)	36.48	2.00	4.35	7.18
Gearing ratio (2)	0.03	0.45	0.23	0.14

(1) The current ratio is calculated as a ratio of the current assets over current liabilities.

(2) The gearing ratio is calculated on the basis of total liabilities to total assets.

As at 31st December 2011

As at 31st December 2011, the Target Group's audited net assets and net current assets were HK$11.1 million and HK$11.0 million respectively. The Target Group had bank and cash balances of HK$2.2 million as at 31st December 2011, and the corresponding current ratio was approximately 36.48. As at 31st December 2011, the Target Group did not have any outstanding loans due to banks or financial institutions.

As at 31st December 2012

As at 31st December 2012, the Target Group's audited net assets and net current assets were HK$9.7 million and HK$8.0 million respectively. The Target Group had bank and cash balances of HK$45,173 as at 31st December 2012, and the corresponding current ratio was approximately 2.00. As at 31st December 2012, the Target Group did not have any outstanding loans due to banks or financial institutions. The substantial decrease in current ratio and increase in gearing ratio were due to the increase in accruals and other payables as discussed in the paragraph headed "Accruals and other payables" above.

As at 31st December 2013

As at 31st December 2013, the Target Group's audited net assets and net current assets were HK$57.3 million and HK$56.0 million respectively. The Target Group had bank and cash balances of HK$1.3 million as at 31st December 2013, and the corresponding current ratio was approximately 4.35. As at 31st December 2013, the Group did not have any outstanding loans due to banks or financial institutions. The increase in current ratio and decrease in gearing ratio were due to the substantial increase in pawn loan receivables as a result of the increase in registered capital of the Shanghai OPCO in August 2013.

As at 30th June 2014

As at 30th June 2014, the Target Group's audited net assets and net current assets were HK$60.3 million and HK$59.2 million respectively. The Target Group had bank and cash balances of HK$1.7 million as at 30th June 2014, and the corresponding current ratio was approximately 7.18. As at 30th June 2014, the Group did not have any outstanding loans due to banks or financial institutions. The increase in current ratio and decrease in gearing ratio were due to the decrease in accruals and other payables as discussed in the paragraph headed "Accruals and other payables" above.

Material investment, acquisition and disposal of subsidiaries and associates

As at 31st December 2011, 2012, 2013 and 30th June 2014, the Target Group did not have any material investment and had not entered into any material acquisitions and/or disposals of any of its subsidiaries and associated companies.

Employees and remuneration policy

The Target Group employed 3, 17, 22 and 20 people in the PRC as at 31st December 2011, 2012, 2013 and 30th June 2014, respectively. Total staff costs incurred for the period from 5th December 2011 to 31st December 2011 and years ended 31st December 2012 and 2013 and the six months ended 30th June 2013 and 2014 were HK$27,611, HK$1.5 million, HK$3.8 million, HK$1.1 million and HK$2.1 million, respectively. The Target Group recruits and promotes individual based on merit and their development potentials for the positions offered. When formulating staff remuneration and benefit policies, primary considerations are given to their performance and prevailing salary levels in the market.

Pledge of assets

As at 31st December 2011, 2012, 2013 and 30th June 2014, the Target Group did not have any pledge of assets.

Exposure to foreign exchange

During the Track Record Period, the turnover of the Target Group are settled in RMB and HK$. The assets and liabilities of the Target Group were all in RMB and HK$, and the cash and cash equivalents were also all in RMB and HK$. There was no financial arrangement for hedging purpose in respect of the Target Group during the Track Record Period.

Contingent liabilities

As at 31st December 2011, 2012, 2013 and 30th June 2014, the Target Group did not have any material contingent liabilities.

Capital Commitments

As at 31st December 2011, 2012, 2013 and 30th June 2014, the Target Group did not have any material capital commitment.

(1) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated statement of financial position of the Enlarged Group ("Unaudited Pro Forma Financial Information"), being the Company and its subsidiaries (collectively, the "Group") together with Oriental Credit Holdings Limited (the "Target Company") and its subsidiaries (the "Target Group") (collectively referred to as the"Enlarged Group"), as if the proposed acquisition of the entire equity interest of Target Company by the Group (the "Transaction") had been completed on 30th June 2014. Details of the Transaction are set out in the section headed "Letter from the Board" contained in this Circular.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), for the purpose of illustrating the effect of the Transaction pursuant to the terms of the sale and purchase agreement dated 20th November 2014 (the "SPA") entered into among the Company and all shareholders of Target Company (the "Vendors") and Joseph Shie Jay Lang (the "Vendors Guarantor"). The completion of the Transaction is conditional upon, amongst other conditions as follows:

(a) the passing of all resolutions by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at a general meeting of the Company approving the entering into the SPA by the Company and the performance of the transactions contemplated thereunder including, without limitations, the acquisition of the Sale Shares, the issue of the Convertible Notes, the allotment and issue of the Conversion Shares upon the exercise of the Convertible Notes, in accordance with the relevant provisions in the Listing Rules, the Articles and the applicable laws and regulations in Hong Kong and Bermuda;

(b) the Listing Committee granting the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Convertible Notes;

(c) all existing material permits in respect of the operation of the business of the Target Group remaining valid and subsisting and no notice (actual or constructive) having been received by the Vendors or any member of the Target Group that the same will be terminated, revoked, withdrawn or suspended;

(d) (i) all necessary statutory governmental and regulatory obligations having been complied with, and all necessary consents, approvals and waivers from the relevant statutory governmental and regulatory authorities having been obtained and continuing in force, and (ii) all necessary statutory filings have been made and waiting periods having expired or been terminated for or in connection with the completion of the transactions contemplated under the SPA and uninterrupted continuation of the business by the Target Group after Completion;

(e) the Company having received a legal opinion, which shall be issued by a qualified lawyer in the PRC to be appointed by the Company and shall be in such form and substance acceptable to the Company, in respect of the Shanghai WFOE and the Shanghai OPCO and their respective assets, business and operations, contracts and commitments, taxation and legal and regulatory aspects and such other matters reasonably requested by the Company or that may be material in the context of the transactions contemplated under the SPA;

(f) the Company having received certified copy of the certificate of registration of the Equity Pledge Agreement（股權質押合同）and supplemental agreement to Equity Pledge Agreement（關於《股權質押合同》的補充協議）or other equivalent documents certifying the due registration of the Equity Pledge and the supplemental agreement to Equity Pledge in the PRC government authorities;

(g) the Company having received an original confirmation and undertaking in a form and substance acceptable by the Company given by Shanghai Kuailu that the accounts of the Shanghai OPCO have not been consolidated into the accounts of Shanghai Kuailu since the date Shanghai Kuailu became the registered shareholder of the Shanghai OPCO and shall not be consolidated into the accounts of the Shanghai Kuailu after Completion;

(h) the Company having received a certified copy of the revised entrustment loan agreement in a form and substance acceptable by the Company in relation to the Entrustment Loan with interest rate of 6% per annum or lower;

(i) the Company notifying the Vendors in writing that it is reasonably satisfied with the due diligence review; and

(j) the warranties remaining true, accurate and not misleading in all material respects and no material adverse change having occurred.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30th June 2014, which has been extracted from the Company's published interim financial report for the six months ended 30th June 2014 and the audited consolidated statement of financial position of Target Group as at 30th June 2014 as extracted from the accountants' report of Target Group thereon set out in Appendix II to this Circular, and after making pro forma adjustments relating to the Transaction that are (i) directly attributable to the Transaction, and (ii) factually supportable, as if the Transaction had been completed on 30th June 2014.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared by the Directors to provide information of the Group upon completion of the Transaction. It is prepared for illustrative purpose only and based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Enlarged Group at 30th June 2014 following the completion of the Transaction or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group set out in the interim financial report of the Company for the six months ended 30th June 2014 and other financial information included elsewhere in this Circular.

(2) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 30TH JUNE 2014

	The Group as at 30th June 2014	The Target Group as at 30th June 2014	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note a	*Note b*	*Note c*	*Note d*	*Note e*	
Non-current assets						
Property, plant and equipment	139,734	1,045				140,779
Prepaid lease payments	95,288	–				95,288
Goodwill	–	–		88,113		88,113
Interest in a subsidiary	–	–	150,000	(150,000)		–
Pledged bank deposits	37,779	–				37,779
Deposits for acquisition of land use right	17,869	–				17,869
	290,670	1,045				379,828
Current assets						
Repossessed assets	–	43				43
Pawn loan receivables	–	64,189				64,189
Interest and trade receivables	2,067	1,641				3,708
Prepaid lease payments	2,264	–				2,264
Prepayments, deposits and other receivables	7,633	1,229				8,862
Due from shareholders	–	1		(1)		–
Pledged bank deposits	12,592	–				12,592
Bank balances and cash	46,760	1,711				48,471
	71,316	68,814				140,129
Current liabilities						
Trade payables	58	–				58
Other payables and accruals	23,870	7,454			4,000	35,324
Bank loans	125,299	–				125,299
Due to a director	–	1,616		(1,616)		–
Tax payables	8,201	517				8,718
	157,428	9,587				169,399
Net current (liabilities) assets	(86,112)	59,227				(29,270)
Total assets less current liabilities	204,558	60,272				350,558
Non-current liabilities						
Convertible notes	–	–	150,000			150,000
Bank loans	86,891	–				86,891
	86,891	–				236,891
NET ASSETS	117,667	60,272				113,667
Capital and reserves						
Share Capital	1,499	59,198		(59,198)		1,499
Reserves	116,003	1,074		(1,074)	(4,000)	112,003
Equity attributable to owners of the Company	117,502	60,272				113,502
Non-controlling interests	165	–				165
Total equity	117,667	60,272				113,667

(3) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(a) The unaudited interim financial information of the Group as at 30th June 2014 was extracted from the published interim report of the Company dated 29th August 2014.

(b) The adjustment represents the consolidation of assets and liabilities of Target Group as at 30th June 2014. The assets and liabilities of Target Group as at 30th June 2014 are extracted from the accountants' report of Target Group set out in Appendix II to this Circular.

(c) According to the SPA, the Company has conditionally agreed to acquire the entire equity interest of Target Company for a total consideration of HK$150,000,000. Pursuant to the SPA, HK$150,000,000 will be settled by issuance of Convertible Notes to all Vendors according to the Vendor Shareholding Ratio. A sum of HK$80,000,000 will be paid by way of issuance of the 2014 Convertible Note to the Vendors at 2014 Convertible Note Issue Date. A sum of HK$35,000,000 will be paid by way of issuance of the 2015 Convertible Note to the Vendors at 2015 Convertible Note Issue Date. A sum of HK$35,000,000 will be paid by way of issuance of the 2016 Convertible Note to the Vendors at 2016 Convertible Note Issue Date.

For the purpose of this Unaudited Pro Forma Financial Information, it is assumed that the Group will settle the consideration by issuance of Convertible Notes of HK$150,000,000 and is recognised as Convertible Notes to Vendors as at 30th June 2014. Since the fair value of Convertible Notes as at the date of completion of the Transaction may be different from its fair value used in the preparation of this unaudited pro forma consolidated statement of financial position of the Enlarged Group, the actual amount of Convertible Notes may be different.

(d) The acquisition of Target Company is accounted for using the acquisition method of accounting in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("HKFRS 3 (Revised)") issued by the Hong Kong Institute of Certified Public Accountants. For the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group, the pro forma fair values of the identifiable assets and liabilities (other than goodwill) of the Target Group as at 30th June 2014 approximate their carrying amounts as at 30th June

2014 as if the Transaction had been completed as at 30th June 2014. The excess of fair value of consideration over the fair value of the identifiable assets and liabilities of Target Group is accounted for as goodwill as below.

	HK$'000
Pro forma fair value of consideration *(note c)*	150,000
Less: Pro forma fair value of identifiable net assets acquired	(60,272)
Plus: Due from shareholders	1
Less: Due to a director	(1,616)
Pro forma Goodwill	88,113

The fair values of Convertible Notes and the fair values of the identifiable assets and liabilities of Target Group are subject to change upon the finalisation of the valuation for the completion date of the Transaction (the "Final Valuation"), which may be substantially different from their estimated amounts used in the preparation of this Unaudited Pro Forma Financial Information.

Since the estimated amounts of the identifiable assets and liabilities used in the preparation of this Unaudited Pro Forma Financial Information may be substantially different from their fair values on the completion date, the amount of goodwill to be recognised in connection with the Transaction on completion date could be materially different from the estimated amounts stated herein. Should the fair value of the consideration is greater than the aggregate fair value of the identifiable assets and liabilities of Target Group upon finalisation of the Final Valuation, additional goodwill will be resulted and subject to impairment assessment in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" issued by the HKICPA.

In addition, pro forma adjustments are made for the elimination of the interest in a subsidiary amounting to HK$150,000,000.

(e) The adjustment represents accrual for estimated acquisition-related costs of approximately HK$4,000,000 which would be expensed in profit or loss upon completion of the Transaction.

(4) INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of the Company, HLM CPA Limited, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group.

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西2-12號聯發商業中心305室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: info@hlm.com.hk

24th December 2014

The Board of Directors
Greater China Holdings Limited
Rooms 1013 & 15, 10/F.,
Leighton Centre,
77 Leighton Road,
Causeway Bay,
Hong Kong.

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Greater China Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30th June 2014 and notes (the "Pro Forma Financial Information") as set out in Appendix III of the circular issued by the Company dated 24th December 2014 (the "Circular"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are described in Appendix III of the Circular.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed acquisition of entire issued share capital of Oriental Credit Holdings Limited (the "Transaction") on the Group's financial position as at 30th June 2014 as if the Transaction had taken place at 30th June 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the six months ended 30th June 2014, on which a review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" (the "AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30th June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

HLM CPA Limited
Certified Public Accountants
HO PAK TAT
Practising Certificate Number: P05215
Hong Kong
24th December 2014

The following is the text of a business valuation report, prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent valuer, in connection with the business valuation of Shanghai WFOE as at 31st October 2014.

Peak Vision
Appraisals Limited

12/F, Effectual Building
14-16 Hennessy Road
Wanchai, Hong Kong
www.peakval.com
Tel (852) 2187 2238
Fax (852) 2187 2239

24th December 2014

The Board of Directors
Greater China Holdings Limited
Rooms 1013 & 15, 10th Floor
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Dear Sirs,

Re: Valuation of 100% equity interest of 上海佑勝投資諮詢有限公司

In accordance with your instructions, we have conducted a valuation of the market value of the 100% equity interest of 上海佑勝投資諮詢有限公司 (the "Business Enterprise" or "Shanghai WFOE"), a limited liability company engaged in provision of investment consulting services. Pursuant to a series of agreements entered into between the Business Enterprise and other relevant parties in 2014 (the "VIE Contracts"), without holding any registered equity ownership in 上海新盛典當有限公司 (the "Operating Company"), the Business Enterprise has been allowed to control the finance and operation, and the entire economic interest and benefits of the Operating Company (together with the Business Enterprise, the "Group"). It is our understanding that the Operating Company has been officially granted with a 典當經營許可證 (unofficially translated as "Pawn Operating License" and hereinafter, the "Operating License"), which allows the Operating Company to operate a pawnshop business in Shanghai, the People's Republic of China (the "PRC").

We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Business Enterprise as at 31st October 2014 (the "Valuation Date").

This report states the purpose of valuation and premise of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF VALUATION

This report is being prepared solely for the use of the directors and management of Greater China Holdings Limited (the "Company") for internal reference and incorporation into a circular. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Peak Vision Appraisals Limited ("Peak Vision Appraisals") acknowledges that this report may be made available to the Company as one of the sources of information for the proposed acquisition of the Business Enterprise (the "Proposed Acquisition"). The Proposed Acquisition, if materialised, and the corresponding transaction price would be the result of negotiations between the transacting parties. The management of the Company should be solely responsible for determining the consideration of the Proposed Acquisition, in which Peak Vision Appraisals is not involved in the negotiation and has no comment on the agreed consideration. Furthermore, Peak Vision Appraisals assumes no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2.0 PREMISE OF VALUE

Our valuation has been prepared in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors, the International Valuation Standards 2013 published by the International Valuation Standards Council and the Business Valuation Standards (First Printed 2005) published by the Hong Kong Business Valuation Forum, where applicable.

Our valuation is based on the going concern premise and conducted on a market value basis. **Market Value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

3.0 SOURCES OF INFORMATION

We relied on the following major documents and information in the valuation analysis. Some of the information and materials are furnished by the management of the Company, the Group and their representatives (collectively, the "Management"). Other information is extracted from public sources such as government sources, Bloomberg and Morningstar, etc.

The major documents and information include the following:

- Copies of business licenses of the Group provided by the Management;
- Announcement(s) made by the Company in relation to the Proposed Acquisition;
- Copy of the Operating License provided by the Management;
- Copies of articles of association of the Group provided by the Management (the "Articles of Association");
- Copies of certificate of tax registration and other relevant government approval(s) and record(s) provided by the Management; and
- Historical financial information such as income statements and balance sheets of the Group provided by the Management.

In the course of our valuation, we have conducted a company visit in November 2014 and had discussion with the Management on the lending industry in the PRC and the development of the Group. Furthermore, we have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We consider that we have obtained adequate information from the sources described above to provide a reliable opinion of market value.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

4.0 GROUP

4.1 Background

(i) Business Enterprise

上海佑勝投資諮詢有限公司 (the Business Enterprise) is a wholly foreign owned enterprise incorporated with limited liability under the law of the PRC on 8th November 2012 and has a registered capital of RMB5,000,000. The Business Enterprise is principally engaged in the provision of investment consulting services. As represented by the Management, the Business Enterprise has no business operation except for controlling the Operating Company through the VIE Contracts.

The following table summarizes the background information of the Business Enterprise, according to the 企業法人營業執照 (unofficially translated and hereinafter, the "Enterprise Legal Person Business Licence") issued by 上海市工商行政管理局 (officially translated as "Shanghai Administration for Industry & Commerce") dated 2 September 2014.

Licence number	:	310000400696960
Name	:	上海佑勝投資諮詢有限公司 (the Business Enterprise)
Registered address	:	上海市長寧區中山西路750號1幢1679室 (unofficially translated as "Room 1679, Block 1, No. 750, West Zhongshan Road, Changning District, Shanghai")
Registered capital	:	RMB5,000,000
Establishment date	:	8th November 2012
Expiry date	:	7th November 2042
Confined business scope	:	Investment consulting

Table 1: Enterprise Legal Person Business License of the Business Enterprise

Source: Management

(ii) Operating Company

上海新盛典當有限公司 (the Operating Company) is a limited liability company incorporated under the law of the PRC on 3rd June 2010 and has a registered capital of RMB48,000,000. The Operating Company is principally engaged in the pawnshop business in Shanghai, the PRC. The following table summarizes the background information of the Business Enterprise, according to the Enterprise Legal Person Business Licence issued by Shanghai Administration for Industry & Commerce Changning Branch dated 17th September 2014.

Licence number	:	310103000205023
Name	:	上海新盛典當有限公司 (the Operating Company)
Registered address	:	上海市長寧區黃金城道900號底層D1室 (unofficially translated as "Room D1, Ground Floor, No. 900, Huangjincheng Road, Changning District, Shanghai")
Registered capital	:	RMB48,000,000
Establishment date	:	3rd June 2010
Expiry date	:	2nd June 2016
Confined business scope	:	Pawn loan business of movable properties collateral, equity interest collateral and real estate collateral (excluding real estate from other provinces, autonomous regions and municipalities, and property under construction without commercial housing pre-sale permit); restricted sale amount of collateral of overdue pawn; appraisal and consulting services; other pawn loan business legally approved by the Ministry of Commerce (Any project that requires statutory approval can only be carried out after obtaining approval by relevant authorities).

Table 2: Enterprise Legal Person Business License of the Operating Company

Source: Management

4.2 Shareholding Structure

As represented by the Management, the Business Enterprise is indirect wholly owned by Rosy Start Investments Limited, Equity Partner Holdings Limited, Century Best Holdings Limited and Asiabiz Capital Investment Limited (collectively, the "Vendors"). The shareholding structure immediately before the completion of the Proposed Acquisition of the Business Enterprise is tabulated in the figure below:

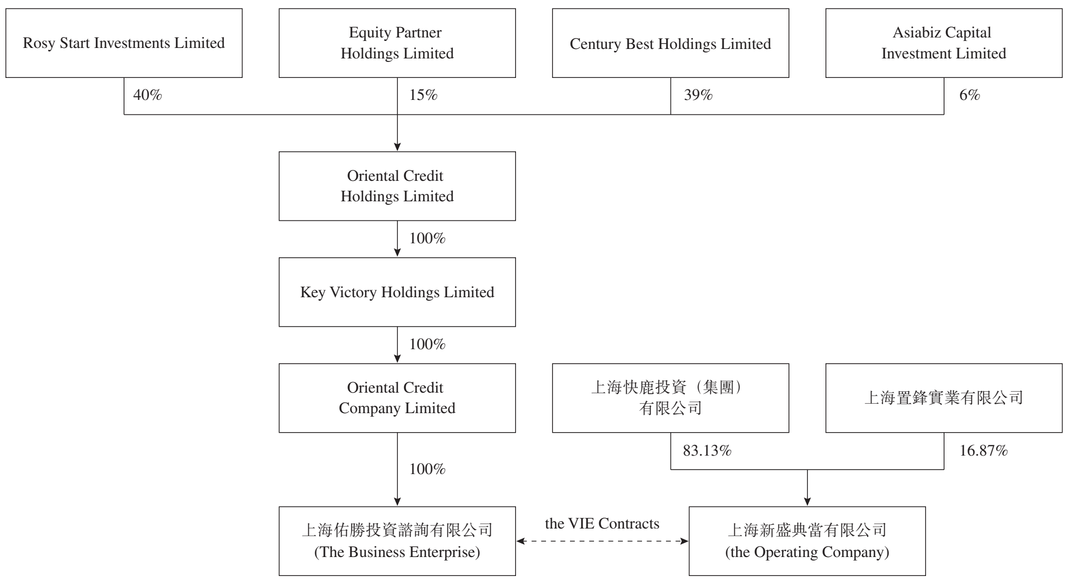


Figure 1: Shareholding structure of the Business Enterprise and the Operating Company immediately before the completion of the Proposed Acquisition

Source: Management

Upon the completion of the Proposed Acquisition, the Company will indirectly control 100% equity interest in the Business Enterprise which in turn, controls the Operating Company through the VIE Contracts. The shareholding structure immediately after the Proposed Acquisition of the Business Enterprise and the Operating Company is tabulated as follows:

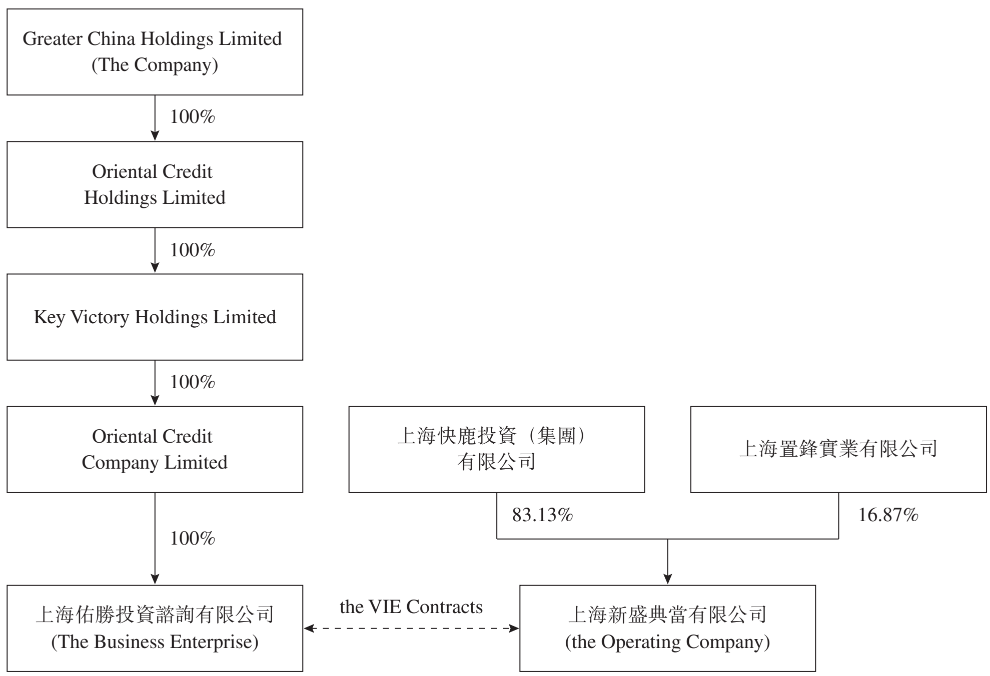


Figure 2: Shareholding structure of the Business Enterprise and the Operating Company immediately after the completion of the Proposed Acquisition

Source: Management

4.3 VIE Contracts

According to the legal advisor of the Company, pursuant to prevailing laws and regulations in the PRC, foreign-invested enterprises are not prohibited from engaging in pawn loan business in the PRC. However, there have been no implementing rules and regulations in the PRC in relation to foreign investment in pawn loan business announced by the Ministry of Commerce of the PRC and relevant government authorities. The Company has been further advised that the relevant government authority governing the Operating Company does not accept applications for pawn loan business in Shanghai by foreign enterprises, including investors from Hong Kong, Macau and Taiwan. In light of the above, the Group was restructured by using the VIE Contracts, which was designed to allow the Business Enterprise to exercise control over the operations of the Operating Company and enjoy the entire economic benefits of the Operating Company.

The details of the VIE Contracts are summarized below:

(i) 獨家管理顧問服務協議 (unofficially translated as the "Exclusive Consulting Service Agreement") dated 30th September 2014, its supplemental agreement on 20th November 2014 and its second supplemental agreement on 22nd December 2014 pursuant to which the Business Enterprise agreed to provide the Operating Company with exclusive management consultancy services, and the Operating Company agreed to pay its profit before income tax (after deducting all necessary costs and expenses) as service fees to the Business Enterprise;

(ii) 股權質押合同 (unofficially translated as the "Equity Pledge Agreement") dated 30th September 2014 and its supplemental agreement dated 20th November 2014, in relation to pledge the entire equity of the Operating Company to the Business Enterprise;

(iii) 獨家購買期權協議 (unofficially translated as the "Exclusive Call Option Agreement") dated 30th September 2014, its supplemental agreement on 20th November 2014 and its second supplemental agreement on 22nd December 2014 in relation to the exclusive right to purchase all or part of the equity interest of the Operating Company when the PRC laws and regulations permit; and

(iv) 授權委託協議 (unofficially translated as the "Authorization Agreement") dated 30th September 2014 and its supplement agreement dated 20th November 2014, in relation to the right owned by the Business Enterprise to exercise all the shareholders' right of the Operating Company at the discretion of the Business Enterprise.

5.0 BUSINESS OVERVIEW

The Group is principally engaged in pawnshop business in Shanghai specializing in provision of short-term loans secured by collateral to customers. The short-term loans provided are in general secured by real estate, equity interest or personal property collateral. The Group aims to resolve the financing needs of customers by providing a quick and convenient alternative financing channel at a reasonable cost as compared to traditional borrowings.

The pawn loan business in the PRC is governed by 典當管理辦法 (unofficially translated as the "Administrative Measures for Pawn Loans") jointly issued by the Ministry of Commerce and the Ministry of Public Security of the PRC. The relevant laws require the application of a pawn operating license（典當經營許可證）and 特種行業許可證 (unofficially translated as "Special Industry Permit") for operation of a pawnshop. As advised by the Management, the Operating Company has obtained all necessary licenses and permits for pawnshop business in Shanghai. The Operating License held by the Operating Company was issued by 上海市商務委員會 (officially translated as "Shanghai Municipal Commission of Commerce") on 26th September 2013 for a term of six years.

As of the Valuation Date, the Operating Company had an approved registered capital of RMB48 million. The net book value of the Operating Company as at the Valuation Date was approximately RMB58 million, comprising mainly loan receivables and financial liabilities. Based on the management account provided by the Management, the unaudited financial result for ten months ended 31st October 2014 is shown as below:

	(RMB million)
Revenue	24.12
Operating income	13.93
Net profit	10.45
Net asset value	57.72

* *Figures above are subject to rounding*

Table 3: Unaudited financial result of the Operating Company for ten months ended 31st October 2014

Source: Management

5.1 Sources of Funding

The sources of funding consist primarily of paid-up capital, bank borrowings and retained earnings. The paid-up capital is limited to the registered capital amount approved by relevant government authorities. Further increases in paid-up capital over RMB50 million must be approved by the Ministry of Commerce of the PRC. In terms of bank borrowings, as advised by the Management, the Operating Company is allowed to secure borrowings in a maximum amount of its net asset value as of the last financial year.

As of the Valuation Date, the outstanding bank borrowings of the Operating Company amounted to approximately RMB35 million. The borrowings have an initial term of one year and a fixed interest rate of 9.0% per annum, but shall be adjusted downward to 5.6% upon renewal as advised by the Management. In addition, the Operating Company diversifies its funding channel by using repurchase agreement of its loan receivables for short-term funding. As of the Valuation Date, the Operating Company had a financial liability of approximately RMB58 million.

5.2 Loan Portfolio

As represented by the Management, the Operating Company reviews its loan portfolio on an ongoing basis and maintains a low impairment rate of the loan receivables. The Operating Company holds collaterals directly to cover its risk associated with the pawn loan receivables. The types of collaterals of the pawn loan can be further classified into the following segments:

(i) Equity interests of unlisted companies;

(ii) Real estate including residential and commercial real estate and factories;

(iii) Personal goods including jewelry, antiques and watches; and

(iv) Vehicles.

The table below sets out the details of aggregate amount of loans provided by the Operating Company, categorized by collateral type as of the indicated dates:

	2011 (5 Dec- 31 Dec)	**2012**	**2013**	**2014 (Jan-Jun)**
Total principal amount of pawn loans *(HK$ thousands)*	8,553	9,112	68,023	71,468
– Loans secured by equity interest	8,553	8,601	60,527	25,182
– Loans secured by real estate	0	0	0	4,596
– Loans secured by personal goods	0	511	1,152	41,439
– Loans secured by vehicle	0	0	0	252
– Loans secured by notes	0	0	6,344	0
Weighted average loan to value ratio	100%	89%	36%	36%

* *Figures above are subject to rounding*

Table 4: Details of aggregate pawn loans granted

Source: Management and auditor

If any of the overdue loans are determined to be not collectable, the Operating Company will forfeit and sell the collateral by means of auction or otherwise.

5.3 Revenue

The major sources of revenue are interest fees and composite administrative fees charged on pawn loans. The monthly interest charged on the pawn loan is based on the the People's Bank of China ("PBOC") benchmark interest rate for 6-month loans. The monthly administrative fee charged on the pawn loan is variable and negotiable on case by case basis. According to the business track record provided by the Management, for eight months ended 31st August 2014, the average monthly interest rate of the Operating Company is 0.50% and the monthly effective rate including administrative fee is approximately 3.20% of the principal of pawn loan. The table below sets out the interest rate and effective rate inclusive of composite administrative fee rate charged on the pawn loans as of the indicated dates:

	2011 (5 Dec – 31 Dec)	**2012**	**2013**	**2014 (Jan-Aug)**
Monthly pawn loan interest rate	0%	0.40%	0.50%	0.50%
Monthly effective rate including administrative fee	1.36%	2.00%	1.90%	3.20%

* *Figures above are subject to rounding*

Table 5: Details of rate charged on pawn loans

Source: Management

5.4 Customers

The majority of customers of the Operating Company are small and medium enterprises and individual clients looking for short-term financing needs. The pawn loan generally has a term of one to six months with an average term of approximately three months. The Operating Company sources customers mainly through sales and marketing efforts by its staff and referrals by third parties. The Management also motivates the staff by introducing commission and incentive plans.

5.5 Loan Procedure

As represented by the Management, upon receiving a pawn loan application from a borrower, the Operating Company first collects relevant information, including but not limited to, organizational documents, financial statements, operating data, pledged collateral information and guarantor information. An on-site visit to the borrower or collateral pledged is then conducted to verify the documents and information received. After reviewing the relevant application materials, the Operating Company will assess the credit risk and repayment ability of the borrower. As a measure to reduce risk of default, the Operating Company takes into consideration of the borrower's financial strength and credit history in addition to the value of the collateral pledged. The Operating Company has a team of professionals to conduct collateral appraisal and if necessary, engages an independent appraiser for appraisal of special and valuable collateral like jewelleries, watches, artworks and antiques etc. The Operating Company then makes relevant registration of collateral and drafts the loan agreement for compliance with relevant rules and regulations. When the pawn loan is finally approved, the borrower will sign the loan agreement and secure the pawn loan from the Operating Company.

6.0 ECONOMIC OVERVIEW

6.1 Global Economic Environment

In 2012 and 2013, the global economy continued to rebound from the economic downturn in 2009. According to the International Monetary Fund (the "IMF"), world GDP grew by 3.4% in 2012 and 3.3% in 2013. Growth from emerging economies outperformed the growth from developed economies, especially China, where GDP growth was recorded at 7.7% in 2013 and is expected to reach 7.4% in 2014.

Furthermore, many advanced economies such as the United States and countries in the Eurozone are showing signs of positive growth despite uncertainties in previous years such as sovereign crises and low economic activity. For instance, GDP in the United States is expected to grow by approximately 2.2% while the GDP of the Eurozone is expected to grow by 0.8% in 2014. In the short and medium term, it appears that previous economic stimulus has taken effect and countries are seeing a positive recovery.

The table below shows the recorded and projected economic growth of major economies.

	2011	2012	2013	2014P	2015P
World	4.1%	3.4%	3.3%	3.3%	3.8%
Eurozone	1.6%	–0.7%	–0.4%	0.8%	1.3%
PRC	9.3%	7.7%	7.7%	7.4%	7.1%
Hong Kong	4.8%	1.6%	2.9%	3.0%	3.3%
Japan	–0.5%	1.5%	1.5%	0.9%	0.8%
United States	1.6%	2.3%	2.2%	2.2%	3.1%

* *Figures above are subject to rounding*

Table 6: Economic growth in major economies, 2011-2015P

Source: IMF World Economic Outlook, October 2014

6.2 PRC Economic Environment

Despite weak and uncertain global conditions, the PRC economy is expected to grow by around 7.4% this year according to the IMF. According to the Hong Kong Trade Development Council ("HKTDC") Research, the PRC has recorded a GDP growth of approximately 7.4% and 7.5% in the first and second quarter respectively. Furthermore, added-value industrial output (of large enterprises with annual sales exceeding RMB20 million) has increased by 10%, and 9.7% in 2012 and 2013 respectively, and recorded growth of 8.5% during January to August of 2014. Despite the strong historical growth in GDP and added-value of industrial output, it is expected that GDP will grow at a slower rate in the future.

	2009	2010	2011	2012	2013	2014P
Growth rate	9.2%	10.4%	9.3%	7.7%	7.7%	7.4%

* *Figures above are subject to rounding*

Table 7: GDP growth rate in 2009- 2014P

Source: IMF World Economic Outlook Database, October 2014

The growth in GDP and the rate of urbanization have led to an improvement in living standards and increase in purchasing power. Per capita annual disposable income levels of urban residents have increased substantially since 2000 and have continued to increase in recent years despite external shocks to the world financial markets. During the period from 2008 to 2013, the per capita annual disposable income of urban households in the PRC increased from approximately RMB15,781 to RMB26,955, representing a compounded annual growth rate of approximately 11.3%.

The overall manufacturing industry in the PRC has struggled over the last 3 years. The purchasing manager's index (PMI) measures purchasing, production, logistics, and other links of the manufacturing sector in the PRC. The following table shows the overall PMI for the last 3 years, where figures above 50 indicate expansion in the manufacturing sector and figures below 50 indicate declining.

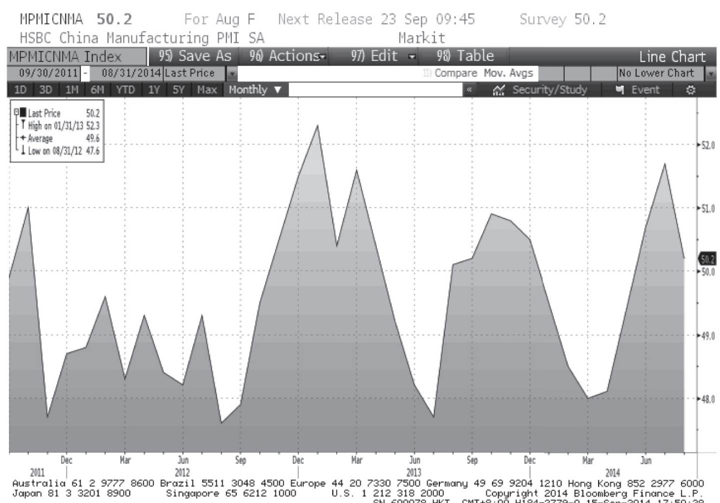


Figure 3: HSBC China Manufacturing Purchasing manager's index

Source: Bloomberg

According to the purchasing manager's index published by HSBC, the PMI has shifted around 50, since the outbreak of sovereign debt crisis in Europe in 2010. Currently, uncertainties in the manufacturing industry persist and growth is marginally positive. According to the August 2014 PMI published by HSBC, the PMI value was 50.2 in August 2014, representing only marginal growth. As indicated by the index, staffing levels have been continually reduced since November 2013 as cost cutting measures and new orders growth has fluctuated around 50 (i.e. no change) in the last 3 years.

6.3 Prices and Inflation

Despite the GDP growth, high inflation especially in developing economies has created concern regarding further economic growth. Business may be unable to pass on increasing costs of production to their customers or may lose competitiveness to other countries where inflation is lower. According to the IMF, developing economies recorded an increase in average consumer prices by approximately 5.87% in 2013, and are expected to record 5.55%, 5.56% and 5.24% in 2014, 2015 and 2016 respectively.

	2009	2010	2011	2012	2013
World	2.8%	3.9%	5.2%	4.2%	3.9%
Developing economies	5.3%	5.9%	7.3%	6.1%	5.9%
PRC	–0.7%	3.3%	5.4%	2.6%	2.6%

* *Figures above are subject to rounding*

Table 8: Average consumer price 2009- 2013

Source: IMF

Despite higher GDP growth in the PRC, the average consumer price in the PRC is lower when compared to emerging market and developing economies. However, according to "A Complete Guide to Minimum Wage Levels Across China 2014" published by China Briefing on 11th June 2014, rising labor costs have led to foreign investors moving their manufacturing operations from the PRC to other ASEAN nations. As of June 2014, monthly minimum wages have grown by an average of 11% in Beijing, Chongqing, Gansu, Shenzhen, Qinghai, Shaanxi, Shanghai and Yunnan for the first half of 2014. This will lead to increases in costs for doing business in the PRC, and negatively impact the profit for businesses in the PRC.

7.0 INDUSTRY OVERVIEW

7.1 China Lending Market

According to the PBOC, the balance of the total outstanding loans for all PRC financial institutions increased from RMB39.97 trillion as of 31st December 2009 to RMB71.90 trillion as of 31st December 2013, representing a compound annual growth rate (CAGR) of 15.8%. Despite the credit tightening measures since 2011, a year-on-year growth in outstanding loans for all the PRC financial institutions as of the end of 2011, 2012 and 2013 was still at approximately 14% to 15%. At the end of June 2014, the outstanding amount recorded an increase of RMB5.73 trillion to RMB77.63 trillion, posting a year-on-year growth rate of approximately 14%. The use of loans had the following properties:

- The lending to enterprises gathered pace, with medium and long-term enterprise loans continuing to pick up;
- The lending to micro and small enterprises grew steadily, accounting for higher share of total enterprise loans;
- The medium and long term loan to heavy industries and service sector exhibited a faster growth;
- The property loans showed a stable growth; and
- The lending to household continued slowly.

	2009	**2010**	**2011**	**2012**	**2013**
Total loans amount by financial institutions *(RMB trillions)*	39.97	47.92	54.79	62.99	71.90
Growth rate *(%)*	31.74	19.89	15.80	15.00	14.10

* *Figures above are subject to rounding*

Table 9: Total outstanding loans by PRC financial institutions

Source: PBOC

7.2 Borrowings to Small and Micro Sized Enterprises in China

At the end of 2012, the outstanding small and micro sized enterprises loans reached RMB11.87 trillion, with a year-on-year growth of 16.6%. The growth rate was 8% higher than the loan growth of larger enterprises, and 1% higher than the loan growth of medium enterprise. In 2012, newly extended loans to small and micro sized enterprises registered RMB1.71 trillion, accounting for 36% of new corporate loans and 18.8% of total new loans.

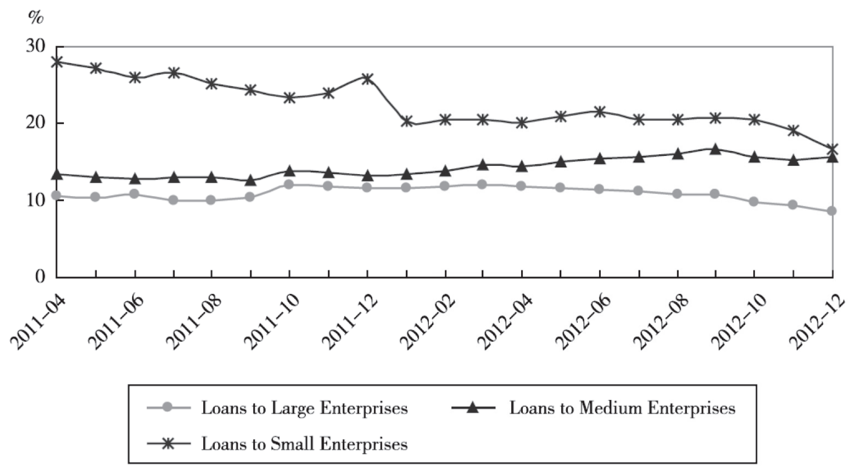


Figure 4: Loan growth rates of large enterprises, medium enterprises and small enterprises

Source: PBOC

7.3 Pawn Loan Market in Shanghai

As the PRC economy continues to grow, the increased commercial activities and business expansion of enterprise of all sizes creates ever-increasing capital needs. The pawn loan market in Shanghai has experienced steady growth in recent years. According to the Shanghai Pawn Trade Association, the total principal amount of pawn loans in Shanghai grew from RMB27.24 billion in 2009 to RMB48.86 billion in 2013, representing a CAGR of 15.72%. The number of pawn loan transactions granted in Shanghai increased from 309,998 in 2009 to 393,148 in 2013.

As of the first half of 2014, there were 259 pawn loan business enterprises established in Shanghai, an increase of 8 over 2013. The total registered capital increased by RMB327 million to RMB6.01 billion, up by 5.75% compared to that of 2013. The number of pawnshops in Shanghai was 327, of which 68 of them were branches. The principal amount of pawn loans in the first half year of 2014 amounted to RMB22.4 billion, with a total outstanding balance of RMB6.11 billion.

	2009	**2010**	**2011**	**2012**	**2013**	**2014 (Jan-Jun)**
Principal pawn loan amount *(RMB 100 million)*	272.43	341.59	482.46	544.54	488.57	224.00

* *Figures above are subject to rounding*

Table 10: Principal amount of pawn loans in Shanghai

Source: Shanghai Pawn Trade Association

	2009	**2010**	**2011**	**2012**	**2013**	**2014 (Jan-Jun)**
Number of pawn loan transactions	309,998	380,332	419,406	430,209	393,148	181,691

Table 11: Number of pawn loan transactions in Shanghai

Source: Shanghai Pawn Trade Association

	2011	**2012**	**2013**	**2014 (Jan-Jun)**
Principal pawn loan amount *(RMB 100 million)*	482.46	544.54	488.57	224.00
– Real estate	261.31	294.58	289.89	131.93
– Equity interest	49.30	57.46	56.31	27.61
– Movable properties	171.86	192.50	142.36	64.47

* *Figures above are subject to rounding*

Table 12: Principal amount of pawn loan by collateral in Shanghai

Source: Shanghai Pawn Trade Association

8.0 INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to the lending industry in the PRC, and the development, operations and other relevant information of the Group. In addition, we have made relevant enquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of the Group;
- Historical information of the Group;
- Financial condition of the Group;
- Proposed business development of the Group;
- Terms and conditions as stated in formal agreements and contracts;
- Regulations and rules of lending industry in the PRC;
- Economic and industry data affecting the lending industry and other dependent industries in the PRC;
- Market-derived investment return(s) of similar business; and
- General global economic outlook.

9.0 GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to obtain the value of a business subject:

- Market Approach
- Asset Approach; and
- Income Approach.

Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing businesses that are similar in nature. It is also common practice to employ a number of valuation methods under each approach. Therefore, no one business valuation approach or method is definitive.

9.1 Market Approach

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to derive an indication of value.

9.2 Asset Approach

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interest of the business entity.

9.3 Income Approach

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

10.0 VALUATION ANALYSIS

10.1 Methodology

In the process of valuing the business subject, we have taken into consideration of the business nature, the specialty of its operations and the industry it is participating. Having considered the three general valuation methodologies, we believed that the Market Approach would be appropriate and reasonable in the valuation of the market value of the Business Enterprise.

In this valuation, the Income Approach is not adopted as the projections would involve a high level of uncertain, long-term forecast estimates and underlying assumptions. The Asset Approach is not appropriate as it ignores the future economic benefits of the business as a whole. We have therefore relied solely on the Market Approach in determining our opinion of value.

Under the Market Approach, we have considered two commonly used methods of valuation, the Guideline Public Company Method and the Comparable Transaction Method. The Guideline Public Company Method is applied as there are certain publicly traded companies engaged in the same or similar line of businesses as the Business Enterprise that can be identified. The shares of these publicly traded companies are actively traded in free and open markets and provide valid indicators of value to permit meaningful comparison. The application of the Comparable Transaction Method is limited as there are insufficient comparable transactions to form a reliable opinion of value. Therefore, the Comparable Transaction Method is only adopted for cross-checking purpose.

We have employed the Price-to-Earnings ratio (P/E) and Price-to-Book Value ratio (P/B). P/E ratio and P/B ratio are considered to be the most appropriate for valuing the Business Enterprise for the following reasons:

- Earnings power is the primary determinant of value; and
- Book value is an appropriate measure of net asset value for firms that primarily hold liquid assets. Examples include finance, investment, insurance and banking firms.

10.2 Comparable Companies

In the course of our valuation, we have identified a total of 7 guideline public companies for our analysis. There is no perfect match of comparable companies with exactly the same financial performance, business operations and risk profile as the business subject. These comparable companies operate in the same industry as the Business Enterprise, but each comparable company operates in slightly different industry segments and/or locations. However, we consider that the identified comparable companies are subject to the same economic and industry forces and risk exposures as the business subject, and hence in this respect they offer useful valuation benchmarks. Selection criteria of comparable companies are listed below:

- Companies that are actively traded and publicly listed in Hong Kong or the PRC;
- Major operations in Hong Kong and/or the PRC; and
- Major operations in alternative financing for small and medium enterprises and individuals.

Based on our search of the Bloomberg database using the criteria above, the 7 guideline public companies are set out below:

China Financial Services Holdings Limited (Stock Code: 605 HK)

China Financial Services Holdings Limited is a diversified finance service company, which through its subsidiaries providing various financing services including direct loans by self-owned funds, pawn loans, finance guarantees services and financing consulting services to small and medium enterprises in Northern China. China Financial Services Holdings Limited is headquartered in Beijing, the PRC and is currently listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Hong Kong Finance Group Limited (Stock Code: 1273 HK)

Hong Kong Finance Group Limited was founded in Hong Kong in 1996, and currently listed on the Main Board of The Stock Exchange of Hong Kong Limited. Hong Kong Finance Group Limited specializes in property mortgage, providing various property related loan products to property owners, including flexible and express property-pledged financing services, first mortgage, second mortgage, mortgage loan transfer, pre-approved standby loan, property purchase loan (granted with a second mortgage), pre-transaction loan (granted prior to the completion of a transaction).

China Huirong Financial Holdings Limited (Stock Code: 1290 HK)

China Huirong Financial Holdings Limited is a short-term secured financing service provider operating in the PRC and currently listed on the Main Board of The Stock Exchange of Hong Kong Limited. China Huirong Financial Holdings Limited specializes in providing short-term loans secured by real estate, equity interest or personal property as collateral (also known as "pawn loans") to mainly small and medium enterprises and individual business owners. China Huirong Financial Holdings Limited has a total of 11 branches, operated in Suzhou City and four county-level cities in the Greater Suzhou Area, Jiangsu Province, the PRC.

Oi Wah Pawnshop Credit Holdings Limited (Stock Code: 1319 HK)

Oi Wah Pawnshop Credit Holdings Limited is a short-term secured financing service provider operating in Hong Kong and currently listed on the Main Board of The Stock Exchange of Hong Kong Limited. Oi Wah Pawnshop Credit Holdings Limited started their business from a pawnshop known as "偉華大押" since 1975 in Mongkok, Hong Kong, and currently has a total of 12 pawnshops in Hong Kong. Services provided by Oi Wah Pawnshop Credit Holdings Limited include pawn loans and mortgage loans.

Flying Financial Service Holdings Limited (Stock Code: 8030 HK)

Flying Financial Service Holdings Limited is a short-term financing service provider operating in the PRC and Hong Kong and currently listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Flying Financial Service Holdings Limited was one of the largest pawn loans providers in Guangdong Province, the PRC. Pawn loans provided include short-term equity rights, real estate and personal property pawn loans, to corporate and individual customers. In addition to pawn loans, Flying Financial Service Holdings Limited also provides entrusted loan, and financial consultancy services to their customers in the PRC. In Hong Kong, Flying Financial Service Holdings Limited provides property mortgage, securities pledge and other financing services to their customers.

Credit China Holdings Limited (Stock Code: 8207 HK)

Credit China Holdings Limited was founded in 2003, and currently listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Credit China Holdings Limited is a leading integrated short-term financing service provider, providing mainly P2P housing loans, P2P car loans, online third-party payment, real estate collateralized loans, micro financing and financial leasing to small and medium enterprises and property owners. Currently, Credit China Holdings Limited mainly operates in Shanghai, Chongqing, Jiangsu Province and Zhejiang Province in the PRC, and also offer money lending services in Hong Kong.

First Credit Finance Group Limited (Stock Code: 8215 HK)

First Credit Finance Group Limited was incorporated in Hong Kong on 18th December 2006, and currently listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. First Credit Finance Group Limited offers unsecured and secured loans to individuals, corporations and foreign domestic workers. Currently, First Credit Finance Group Limited has a total of 5 branches throughout Hong Kong, offering mainly foreign domestic workers loan, "Emergency Aid loan", second mortgage, house owners special loan, personal loan, property mortgage loan, small and medium enterprises loan, and "Pinjaman Bagi BMI di Hong Kong" and "Para Sa MGA Overseas Workers Sa Hong Kong".

10.3 Comparative Financial Analysis

By using the Guideline Public Company Method, we have conducted a comparative analysis between the Business Enterprise and the comparable companies in terms of profitability as follows:

Indicators	Comparable companies				Business Enterprise
	Maximum	*Minimum*	*Mean*	*Median*	
Return on assets	10.24%	2.27%	6.96%	7.48%	6.60%
Return on equity	15.85%	2.80%	9.90%	12.07%	19.32%

* *Figures above are subject to rounding*

Table 13: Financial comparative analysis

Source:Management & Bloomberg

10.4 Valuation Multiple Adjustment

Based on the comparative analysis, it is noted that the Business Enterprise has had a higher return than that of comparable companies. In order to form a meaningful and fair valuation, we have adjusted the differences in characteristics between our business subject and the comparable companies as a group. In the course of our valuation, we have assessed the following factors relative to the comparable companies as a whole, and accordingly adjusted the multiples upward or downward where appropriate based on the differences.

Growth and risk adjustment

According to our analysis, two factors significantly influence the financial performance and value of a business compared to its comparable companies, namely the growth prospects of the subject business relative to the comparable companies and the risk of the subject business to the comparable companies.

Growth prospects refer to expected growth in the operating market of the comparable companies and subject business. If a business operates in a market with higher expected growth, the expected future incomes and current value would be higher compared with businesses operating in markets with lower expected growth. Furthermore, different companies are exposed to different levels of risk, in terms of country risk, business risk, credit risk and other relevant specific risk, etc. Therefore, the multiples of comparable companies should be adjusted so that they reflect the growth prospects and risk of the Business Enterprise.

We have adjusted growth prospects by referring to projected GDP growth rates and have adjusted risk by referring to risk premiums based on rating-based currency default spreads and cost of equity of comparable companies.

Comparable company	Operating market	[1]Average projected GDP growth rate	[2]Country risk premium	[3]Cost of equity
Business Enterprise	PRC	6.78%	0.90%	12.89%
		Difference	**Difference**	**Difference**
605 HK	PRC	0%	0%	5.73%
1273 HK	Hong Kong	–3.29%	–0.30%	5.86%
1290 HK	PRC	0%	0%	3.61%
1319 HK	Hong Kong	–3.29%	–0.30%	–0.86%
8030 HK	PRC	0%	0%	4.29%
8207 HK	PRC	0%	0%	2.22%
8215 HK	Hong Kong	–3.29%	–0.30%	1.34%

* *Figures above are subject to rounding*

Table 14: Growth and risk adjustment basis

Source: IMF, Bloomberg, Damodaran Online & Peak Vision Appraisals analysis

Notes:

(1) This is the average projected real GDP growth rate between 2014-2019 for the operating market, which is sourced from the IMF.

(2) This is the country risk premium for 2014 estimated by Aswath Damodaran, sourced from Damodaran Online. Aswath Damodaran is currently a Professor of Finance at the Stern School of Business at New York University. Mr. Damodaran teaches valuation and corporate finance courses in the MBA program and has published several books about valuation and corporate finance. He has also published papers in the Journal of Financial and Quantitative Analysis, the Journal of Finance, the Journal of Financial Economics and the Review of Financial Studies.

(3) This is the cost of equity estimated by using the capital asset pricing model, which is sourced from Bloomberg.

Return on equity adjustment

For P/B ratios, we have made a further adjustment based on return on equity ("ROE") to account for the differences in profitability between the Business Enterprise and the comparable companies. ROE is defined as net income divided by a company's net book value expressed as a percentage. If a business enjoys a higher ROE compared to comparable companies, it generates more value with the same amount of net assets and should have a higher book value multiple. ROE percentages for the comparable companies were based on their historical performance extracted from Bloomberg.

Comparable company	**[1]Return on equity**
Business Enterprise	19.32%
605 HK	13.29%
1273 HK	12.07%
1290 HK	13.11%
1319 HK	15.85%
8030 HK	2.80%
8207 HK	5.99%
8215 HK	6.20%

* *Figures above are subject to rounding*

Table 15: Return on equity adjustment basis

Source: Bloomberg & Peak Vision Appraisals analysis

Note:

(1) This is the return on equity (ROE) calculated as normalized net income excluding one-time charges divided by average common equity for the financial period.

10.5 Multiple Ratio

In calculating all multiple ratios, we applied the latest, publicly available financial data of the comparable companies. In some cases, it is useful to apply projected financial data, however, such data is unavailable for both the comparable companies and the Business Enterprise. The unadjusted and adjusted multiples are presented below:

10.5.1 P/E Ratio

Comparable Company	P/E	Adjusted factors	Adjusted P/E
605 HK	4.92	0.78	3.84
1273 HK	6.97	0.83	5.81
1290 HK	6.93	0.80	5.54
1319 HK	11.54	1.80	20.75
8030 HK	N/A	N/A	N/A
8207 HK	33.86	0.57	19.34
8215 HK	11.42	1.23	14.06
Maximum	33.86		20.75
Minimum	*4.92*		*3.84*
Mean	*12.61*		*11.56*
Median	*9.19*		*9.94*
Standard deviation	*10.75*		*7.49*
Mean exclude outlier	*8.36*		*8.47*
Applied ratio			***8.47***

* *Figures above are subject to rounding*

Table 16: P/E ratio of guideline public companies

Source: Bloomberg, Peak Vision Appraisals

10.5.2 P/B Ratio

Comparable Company	P/B	Adjusted factors	Adjusted P/B
605 HK	0.53	1.41	0.75
1273 HK	0.88	1.56	1.37
1290 HK	0.70	1.44	1.00
1319 HK	1.73	1.31	2.26
8030 HK	0.66	6.72	4.41
8207 HK	3.20	3.01	9.63
8215 HK	0.25	3.13	0.78
Maximum	*3.20*		*9.63*
Minimum	*0.25*		*0.75*
Mean	*1.13*		*2.89*
Median	*0.70*		*1.37*
Standard deviation	*1.02*		*3.24*
Mean exclude outlier	*0.79*		*1.76*
Applied ratio			***1.76***

* *Figures above are subject to rounding*

Table 17: P/B ratio of guideline public companies

Source: Bloomberg, Peak Vision Appraisals

We then applied the selected multiple ratio to the corresponding measurement basis, which is based on the latest available financial data of the Business Enterprise as at the Valuation Date. As per the financial information provided by the Management, the earnings before extraordinary items of the Business Enterprise for ten months ended 31st October 2014 was approximately RMB10.38 million, which is equivalent to estimated annualized earnings of approximately RMB12.45 million. The net book value of the Business Enterprise was approximately RMB58 million.

	31st October 2014
	(RMB'000)
Earnings before extraordinary items	10,378
Net book value	57,716

* *Figures above are subject to rounding*

Table 18: Value of measurement basis

Source: Management

10.6 Control Premium

A control premium is the premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. The published market price of the identified comparable companies represents the market transaction of minority interests, therefore adjustment has been made to reflect the degree of control associated with a 100% equity interest of the Business Enterprise. Based on research published by Mergerstat Control premium study, the average control premium for financial services companies was approximately 30.00%.

10.7 Marketability Discount

In addition, we have adopted a lack of marketability discount of approximately 16.26% for the Business Enterprise as ownership interest in closely held companies are typically not readily marketable compared to similar interest in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

The marketability discount for ownership interest in private companies can range from 3% to 35% according to empirical research. In our valuation, we applied an option pricing model to estimate the marketability discount. A discount for lack of marketability can be estimated by a put option since the holder can purchase an at-the-money put option of similar stock to hedge the current value of the underlying stock.

10.8 Non-operating Assets and Liabilities

In computing the market value of the Business Enterprise, we have adjusted for the non-operating assets and liabilities as at the Valuation Date. The management accounts provided by the Management indicate that the Business Enterprise had no significant non-operating assets and liabilities. Based on the management accounts provided by the Management, the non-operating assets and liabilities of the Operating Company were as follows:

	31st October 2014
	(RMB'000)
Excess cash	15,265

* *Figures above are subject to rounding*

Table 19: Value of non-operating assets and liabilities

Source: Management

11.0 VALUATION ASSUMPTIONS

- For the Group to continue as a going concern, the Group will successfully carry out all necessary activities for the development of its businesses;

- The contractual parties of the agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties;

- Market trends and conditions where the Group operates will not deviate significantly from the economic forecasts in general;

- The unaudited financial statements of the Group as supplied to us have been prepared in a manner which truly and accurately reflect the financial position of the Group as at the respective balance sheet dates;

- Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the Group;

- There will be no material changes in the business strategy of the Group and its operating structure;

- Interest rates and exchange rates in the localities for the operation of the Group will not differ materially from those presently prevailing;

- All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Group operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Group operates or intends to operate, which would adversely affect the revenues and profits attributable to the Group.

12.0 LIMITING CONDITIONS

Our conclusion of the market value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates as identified or being furnished by others, which have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for their accuracy.

We have made reference to the information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and that any material facts have been omitted from the information provided. No responsibility for operational and financial information that have not been provided to us is accepted.

The Management has reviewed and agreed on the report and confirmed the content of the report.

We have not investigated the title to or any legal liabilities of the Group and have assumed no responsibility for the title to the Group.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value(s) are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value(s) represents the consideration based on information furnished by the Company/engagement parties and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

We would particularly point out that our valuation was based on the information such as company background, business nature, market share, future prospect as well as the business plan of the Group provided to us.

13.0 REMARKS

The exchange rate adopted in our valuation is approximately RMB1=HK$1.27, which was the approximate prevailing exchange rate as at the Valuation Date.

We hereby confirm that we have neither present nor prospective interests in the Group, the Company and its subsidiaries and associated companies, or the value reported herein.

14.0 OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, we are of the opinion that the market value of the 100% equity interest of the Business Enterprise as at the Valuation Date was in the sum of **HK$162,395,000 (HONG KONG DOLLARS ONE HUNDRED AND SIXTY TWO MILLION THREE HUNDRED AND NINETY FIVE THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
Registered Business Valuer of HKBVF, MRICS, MHKIS, RPS (G.P.), RICS Registered Valuer
Director

Marcus M. H. Chan
CFA
Associate Director

Notes:

a) Mr. Nick C. L. Kung is a Registered Professional Surveyor and Registered Business Valuer of the Hong Kong Business Valuation Forum (HKBVF) who has more than 9 years of experience in the valuation of trade-related business assets and businesses in Hong Kong and the PRC.

b) Mr. Marcus M. H. Chan is a Chartered Financial Analyst charterholder and has extensive experience in valuation of businesses and intangible assets for the purposes of corporate advisory, merger & acquisition and public listing.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Nature of interest	Number of shares held	Percentage to issued share capital
Ms. Ma Xiaoling (“Ms. Ma”)	Corporate interests *(Note)*	120,212,256	40.09%

Note: Ms. Ma is the beneficial owner of the entire issued share capital of Keenlead Holdings Limited, which owned 120,212,256 shares in the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests of experts in the Group

None of the experts named in the paragraph headed "Qualifications of experts" in this appendix has any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

Interests in assets

None of the Directors or experts named in the paragraph headed "Qualifications of experts" in this appendix has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Enlarged Group or is proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31st December 2013, being the date to which the latest published audited accounts of the Company were made up.

Interests in contracts or arrangements

None of the Directors has any material interests in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group taken as a whole.

Service contracts

There is no existing or proposed service contract between any member of the Group and any Director or proposed Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

Competing business

None of the Directors or any of their respective associates has any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

LITIGATION

Neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

QUALIFICATIONS OF EXPERTS

The qualifications of the experts who have given opinions in this circular are as follows:

Name	Qualification
HLM CPA Limited	Certified Public Accountants, Hong Kong
RSM Nelson Wheeler	Certified Public Accountants, Hong Kong
Peak Vision Appraisals Limited	Business Valuer

CONSENTS

The experts named in the paragraph headed "Qualifications of experts" in this appendix have given and have not withdrawn their respective written consents to the issue of this circular with copies of their reports, valuation or letters (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

MATERIAL CONTRACT

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by members of the Enlarged Group within the two years preceding the date of this circular and is or may be material:

(a) the Sale and Purchase Agreement.

GENERAL

(a) The secretary of the Company is Ms. Chan Siu Mun. Ms. Chan Siu Mun is a member of The Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

(c) The Hong Kong branch share registrar of the Company is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal office of the Company at Rooms 1013 & 15, 10/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong during normal business hours up to and including the date of the SGM:

(a) the Memorandum of Association and the Bye-laws of the Company;

(b) the annual reports of the Company for the two years ended 31st December 2013;

(c) the accountant's report on the Target Group, the text of which is set out in Appendix II to this circular;

(d) the accountants' report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(e) the business valuation report prepared by Peak Vision Appraisals Limited, the text of which is set out in Appendix IV to this circular;

(f) the material contract of the Enlarged Group referred to in the paragraph headed "Material contract" in this appendix; and

(g) the written consents referred to in the paragraph headed "Consents" in this appendix.

大中華實業控股有限公司*

GREATER CHINA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 431)

website: http://www.irasia.com/listco/hk/greaterchina/index.htm

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Greater China Holdings Limited (the "**Company**") will be held at 11:00 a.m. on Friday, 16th January 2015 at 2/F, J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions, which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTION 1

"**THAT**:–

(a) the Sale and Purchase Agreement dated 20th November 2014 between Rosy Start Investments Limited, Equity Partner Holdings Limited, Century Best Holdings Limited and Asiabiz Capital Investment Limited as vendors, Joseph Shie Jay Lang as vendors guarantor and the Company as purchaser in respect of the acquisition of the shares of Oriental Credit Holdings Limited (a copy of which has been produced to this meeting marked "A" and initialed by the chairman of this meeting for the purpose of identification) (the "**SPA**") and the transactions contemplated thereunder (the "**Acquisition**"), be and are hereby approved, confirmed and ratified; and

(b) the directors of the Company (the "**Directors**") be and are hereby authorised to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to transactions mentioned in paragraph (a) above."

* *For identification purposes only*

ORDINARY RESOLUTION 2

"**THAT**:–

(a) the issue of each of the Convertible Notes (as defined in the SPA) and its terms and conditions, a copy of which has been produced to this meeting marked "B" and initialed by the chairman of this meeting for the purpose of identification and the transactions contemplated thereunder (including any possible exercise of the conversion rights attaching to the Convertible Notes and subscription of the ordinary shares of the Company on exercise of such conversion rights) be and are hereby approved;

(b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in the Conversion Shares (as defined in the Convertible Notes) to be allotted and issued pursuant to the terms and conditions of the Convertible Notes, and upon the exercise of the conversion rights attaching to the Convertible Notes, the Directors be and are hereby granted a specific mandate (the "**Specific Mandate**") to allot and issue, credited as fully paid, (i) 125,000,000 ordinary shares of HK$0.005 each as required under the Sale and Purchase Agreement based on the initial Consideration of HK$150,000,000 and; (ii) up to 150,000,000 ordinary shares of HK$0.005 each based on the adjusted Consideration of HK$180,000,000, in the share capital of the Company as may be required to be allotted and issued upon exercise of the conversion rights under the Convertible Notes at a conversion price of HK$1.2 per ordinary share of HK$0.005 each in the share capital of the Company (subject to adjustment), on and subject to the terms and conditions of the Convertible Notes, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company (the "**Shareholders**") in the annual general meeting of the Company held on 20th June 2014 and the general mandate contained in ordinary resolution 3, if passed, in this extraordinary general meeting;

(c) the Directors be and are hereby authorised to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to transactions mentioned in paragraphs (a) and (b) above, including where appropriate, agreeing to any non-material amendments to the terms and conditions of the Convertible Notes and any other agreements made in relation thereto to the extent permitted by the Listing Rules (as defined in the circular) and the applicable laws and in the interests of the Company and its shareholders."

ORDINARY RESOLUTION 3

"**THAT**:–

(a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (defined as below) of all powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers during or after the end of the Relevant Period, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) an issue of shares upon the exercise of subscription rights or conversion rights under any existing warrants of the Company or any securities of the Company which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the Bylaws of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees or directors of the Company and/or any of its subsidiaries of shares in the capital of the Company or rights to acquire shares in the capital of the Company, shall not exceed aggregate of 20% of the nominal amount of the share capital of the Company in issue as at the date of this resolution; and

(d) for the purpose of this resolution:

"**Relevant Period**" means the period from the time of passing of this resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-laws of the Company to be held; or

(iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"**Rights Issue**" means the allotment, issue or grant of shares pursuant to an offer open for a period fixed by the Directors to holders of shares or any class thereof on the register of members of the Company on a fixed record date pro rata to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong)."

By order of the board of directors of
Greater China Holdings Limited
Ma Xiaoling
Chairperson

Hong Kong, 24th December 2014

Principal Place of Business in Hong Kong:
Room 1013 & 15, 10/F
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority must be deposited at the Hong Kong branch share registrars of the Company, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

3. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holdings.

4. Votes cast at a general meeting will be taken by poll except where the Chairperson, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

5. As at the date hereof, the board of Directors comprises Ms. Ma Xiaoling and Ms. Chan Siu Mun as executive Directors; Mr. Chan Sze Hon as non-executive Director; and Mr. Ching Men Ky, Carl, Mr. Lin Ruei-min and Mr. Shu Wa Tung, Laurence as independent non-executive Directors.